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NEWSPRINT PRODUCTION AND SUPPLY

COMMITTEE ON BANKING AND CURRENCY

UNITED STATES SENATE

PREPARED BY

FOREST PRODUCTS DIVISION, BUSINESS AND
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U. S. DEPARTMENT OF COMMERCE

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STATEMENT OF THE CHAIRMAN

Because of the importance of an adequate and reasonably priced supply of newsprint to the newspapers of the country, members of this committee were concerned over the price increases announced by the leading newsprint producers, beginning last October.

In order to provide a basis for consideration by the committee, I requested Secretary of Commerce Weeks, on November 3, 1955, to prepare for the committee a full report on the newsprint situation.

This report has now been received. In view of its importance to the public and to the newspaper and newsprint industries, it seems desirable to make it available to the public.

Supplements 1 and 2 have been included in this committee print, which includes also minor revisions of the tables on pages 39 and 40.

J. W. FULBRIGHT.

CONTENTS

	Page
Statement of the chairman	III
Introduction	1
United States newsprint consumption 1929–55 and future demand	6
Newspaper circulation and pages	9
Newspaper consumption of newsprint by content	11
Explanation of the methods used in the projection of the consumption of newsprint	14
United States newsprint	16
Timber supplies for newsprint production in the United States	27
Canada, newsprint	34
World production and demand, newsprint	38
Northern Europe, newsprint	43
United Kingdom, newsprint	43
Western Europe, newsprint	44
Latin America, newsprint	45
Africa, newsprint	46
Asia, newsprint	46
Oceania, newsprint	47
Union of Soviet Socialist Republics, newsprint	48
Newsprint distribution	48
Newspaper publishing: Costs; advertising, and circulation rates	49
Newsprint production costs	51
Conclusions and recommendations	52
United States newsprint outlook for 1956	53
Supplemental reports:	
No. 1, Newsprint from de-inked paper	54
No. 2, Revision of United States newsprint outlook for 1956	56
Letter from:	
Secretary of Commerce	57
Office of Defense Mobilization	57
Letter to Secretary of Commerce from chairman	58

LIST OF TABLES AND CHARTS

TABLES

	Page
United States newsprint consumption 1929–55 and future demand	7
Newspaper circulation and pages	9
Newspaper consumption of newsprint by content	11
United States newsprint capacity 1954–58	18
United States newsprint expansion plans 1956–58	19
United States newsprint capacity and production 1947–58	19
United States newsprint production, imports, exports, and total apparent consumption 1929–58	22
United States newsprint imports by country of origin 1947–54	24
United States exports of newsprint 1953 and 1954	25
United States exports of newsprint first 9 months of 1955 and 1954	25
Canadian newsprint capacity 1955, and estimates for 1956, 1957, 1958	35
Canadian newsprint capacity and production 1947–58	35
Canadian newsprint production, exports, and domestic shipments 1946–58	37
Canadian exports of newsprint 1953–54	38
World newsprint production, imports, exports, and consumption by major geographic areas 1950–54	39
Estimated world newsprint production, imports, exports, and consumption by major geographical areas 1955–58	40

CHARTS

	Page
United States newsprint consumption 1929–55 and future demand	8
Newspaper circulation and pages	10
Newspaper consumption of newsprint by content	12
Relation of advertising linage to newsprint consumption	13
Relationship of advertising linage and newsprint consumption to disposable personal income	15
United States newsprint capacity and production 1926, 1947–58	20
United States newsprint source of supply 1950, and estimated 1958	26
Percentage distribution of world production and consumption of newsprint 1950, and estimated 1958	42

NEWSPRINT PRODUCTION AND SUPPLY

Introduction

Newsprint is an international commodity. It is consumed in every civilized country in the world, largely for the printing of newspapers.

Numerous countries consuming newsprint depend entirely upon imported supplies. In many countries where newsprint is manufactured, production fails to meet consumption needs, and supplemental imports are necessary. Only Canada, Finland, Sweden, Norway, and Austria are net exporters of significant quantities to other world markets.

In an attempt to establish the world situation with respect to newsprint, the Department of Commerce cabled American Embassies in 25 foreign countries, requesting information on newsprint consumption, production, and requirements. The replies, with slight adjustments, have been consolidated and tabulated by various world regions. Because it was impossible to establish newsprint inventories in any countries other than Canada and the United States, consumption figures shown for all countries, including the United States and Canada, have been arrived at by adding production to imports and subtracting exports.

Of the total world estimated production of approximately 12,500,000 tons in 1955, Canada produced slightly less than 50 percent. The indicated world consumption of 12,645,000 tons in 1955 will show a 145,000-ton world deficit. In the United States approximately 100,000 tons of this deficit has been met by withdrawals from newspaper publishers' inventories. These inventories now are at a dangerously low point, and further significant reductions will not be possible. The remainder of the deficit, 45,000 tons, presumably has been met by the same type of inventory shrinkage in other countries of the world. Estimated world consumption in 1956, of 13,280,000 tons, provides for rebuilding of publishers' inventories in the United States.

In 1955 the United States was by far the world's largest market, taking about 5,175,000 tons, almost 50 percent of total world exports.

Notwithstanding the importance of the United States as a consumer and importer of newsprint, and the major significance of its neighbor, Canada, as a producer and exporter, the availability of newsprint to United States customers is affected by the strength of world demand in relation to supply. For example, in 1951 and 1952 the economic stimulus of the Korean war increased the demand for newsprint in the United States and a number of foreign countries above world supplies. The margin of world shortage was estimated by the Newsprint Association of Canada to have been relatively small, perhaps no more than 3 percent in 1951 and about 1 percent in 1952 above available supply.

Because of this situation, the International Materials Conference added newsprint to its list of commodities subject to consideration for voluntary allocation by member countries. Following careful analysis of requests from foreign countries placed before the Conference, it made recommendations as to highly essential needs of a number of countries. United States and Canada, being the major consuming and producing countries, voluntarily agreed to meet the needs. Allocations were shared between the United States and Canada in proportion to their respective production. This action conformed with the general policy of the United States in sharing products in short supply with friendly foreign countries. In the case of newsprint, there was the additional incentive to foster a better international understanding through a free press overseas.

In 1953 and 1954, world supply was more than adequate to meet world demands. This condition was the result of increased world capacity and production at a time when United States consumption remained relatively unchanged, although other countries increased imports and consumption to a substantial degree. Improved economic conditions in many foreign countries have not only stimulated increased consumption of newsprint, but have also permitted easing of import restrictions prevalent in earlier years.

The year 1955 witnessed an unexpectedly large increase in United States consumption of newsprint. We have been informed that late in 1954, following the usual annual custom, many producers of newsprint, both in the United States and Canada, surveyed their contract customers in an effort to determine their 1955 requirements. The customers' appraisal of their requirements at that time showed that the 1955 consumption would follow quite closely the level of 1954. However, for the first 11 months in 1955 consumption was running 8.2 percent over 1954, with November 1955 being 9.9 percent ahead of November 1954.

It is our understanding that the customary trade practice with respect to long-term tonnage contracts between newsprint customers and newsprint manufacturers is not to require the customers to take their full contract commitments should their orders fall short of the contract total at the end of the year. The customer, of course, is entitled to his full contract tonnage should he require it, but in times of normal supply-demand balance he need not take his full commitment. The supplier surveys his production against actual orders and, if he has excess production available, sells it to noncontract publishers, printers, converters, Government, and other nonnewspaper end users. In recent years, some of this excess supply has been sold for export.

Beginning in the first quarter of 1955, United States newsprint customers started ordering newsprint on the basis of full contractual commitments. By the latter part of 1955 many Canadian and United States newsprint mills found themselves in the position of receiving more orders than they could produce. In some instances this was the result of overestimating machine production; in others, of underestimating United States customer requirements by basing them on a historical average. In some areas, production has decreased because of water shortage due to droughts.

In many instances, mills producing newsprint have notified their customers of cutbacks in deliveries. These cutbacks are variable.

They range in one instance from 5 percent for paper merchants only, to as high as 12½ percent to all customers. Some mills have indicated that they would attempt to make up this difference in deliveries before the middle of 1956. Generally speaking, this condition, particularly in the United States, will result in decreased consumption because, as stated above, inventories have generally been reduced to a point where it will not be possible for United States publisher customers to consume more paper than they are receiving.

A spot check of the production of sheeted newsprint disclosed that the total tonnage of sheeted newsprint consumed in the United States, principally by small weekly newspapers, is small in comparison with the overall consumption. To the best of our knowledge, manufacturers and sheeters of newsprint expect to operate their sheeting equipment during 1956 at its maximum capacity, irrespective of their ability to deliver full contract commitments of roll newsprint. While probably no more sheeted newsprint will be available to weekly newspaper publishers in 1956, the level of operation should assure a supply of sheeted tonnage equal to that of 1955.

We have been asked to comment on the cost of newsprint for newspaper publishing. To the best of our knowledge, the cost of newsprint varies from 15 percent of total cost for small weeklies and dailies to as much as 55 percent of total cost for large metropolitan dailies.

A small weekly newspaper with a circulation of approximately 3,000 and with a varying number of pages, from 8 to 16, would consume between 1,000 and 2,000 pounds of newsprint per week. This newspaper's cost for newsprint before the recent price increase would have varied from $63 per week to $126 per week. After the recent price increase, the cost would range from $65 to $130. The current increase in price, the first in 3 years, amounted to approximately 4 percent, while the price of otber grades of paper has increased 6 percent over the same period.

Large metropolitan newspapers in general consume many thousands of tons of newsprint per year. The recent price increse of $4 multiplied by that tonnage would result in many thousands of dollars added cost for each publisher. It is not so much the increased cost to small newspapers as it is the shortage of newsprint which has a tendency to limit the natural growth of such small newspapers. Although the large metropolitan dailies consume by far the greatest proportion of newsprint, the spectacular growth in circulation and advertising is in the smaller daily and weekly papers. It is these which will be penalized by inadequate supply.

FIBROUS MATERIALS FOR MANUFACTURE OF NEWSPRINT

Wood

The basic and most important material needed for the manufacture of newsprint is wood. Most of the newsprint manufactured in the world is made from woodpulp produced from coniferous trees. From 80 to 85 percent of the content of a sheet of newsprint is ground woodpulp. The other 15 to 20 percent is long-fibered material. In the North, this long-fibered material is sulfite pulp; in the South, it is sulfate pulp. A ton of ground woodpulp requires approximately 1 cord of wood. A ton of long-fibered pulp, however, requires roughly

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1¼ cords of wood. It therefore requires about 115 cords of wood to produce 100 tons of newsprint.

A minimum daily production is required for the economic operation of an integrated mill for the manufacture of newsprint. We are told that, to be profitable, a mill must produce at least 300 tons of newsprint per day. Using the 80–20 pulp ratio, that daily minimum tonnage of newsprint would require 240 tons of ground woodpulp and 60 tons of long-fibered pulp. However, it is not practical or economic to build a pulp mill of this size for the production of either sulfite or sulfate long-fibered pulp. For such material the minimum economic production is, we are informed, at least 200 tons per day. Some integrated newsprint mills recently built are large enough to consume that amount of long-fibered pulp in the production of newsprint. Other smaller mills use the excess long-fibered pulp in the production of other grades of paper or paperboard, or sell it as market pulp.

A mill with a daily output of 200 tons of long-fibered pulp and 300 tons of newsprint would require approximately 600 cords of wood per day. The Forest Service of the United States Department of Agriculture advises that in the South 1 acre of land will produce approximately four-tenths of a cord of wood per year. Therefore, to support a mill of the minimum economic size, on a sustained-yield basis, nearly 500,000 acres of forest lands would be needed, located near enough to the mill site to permit economical transportation of pulpwood.

Although the attached report of the Forest Service indicates that there is a sufficient overall supply of timber in this country to meet any reasonable future demands, timber supply alone is not the governing factor in the production of newsprint. Mills, of necessity, must be located in areas where the supply of wood is sufficient to maintain uninterrupted production and where, in addition, there are assured supplies of power and suitable water.

Other Fibrous Materials

During the past few years the Department of Commerce has prepared and presented to the Congress reports on investigations into the possible use of other fibrous materials than wood in the manufacture of newsprint. One of these materials is bagasse (sugarcane residue), which is covered in a report to the 82d Congress, 2d session, entitled "A Study of Newsprint Expansion: A Progress Report of the Department of Commerce to Subcommittee No. 5 of the Committee on the Judiciary, House of Representatives" (see appendix F, beginning on p. 103).

One United States mill manufacturing paper from bagasse is the Valentine Pulp & Paper Co., Inc., of Lockport, La. This company, in a letter dated December 17, 1955, stated in part as follows:

> We've not made any newsprint as such since I have been with the company. A number of small publishers have been buying our regular tablet grade right along, but it certainly cannot be classified, nor sold, as a newsprint. Our daily production capacity is so limited, our overhead won't allow us to compete with the enormous tonnages (by comparison) produced by the newsprint mills.
>
> Some of the area papers have been experimenting with various inks and press pressures to improve the appearance of their sheet when using bagasse (tablet grade). * * * They have not yet completely solved the problem but are working actively toward that end.

We understand that technical difficulties in ink absorption and in the handling of bagasse for newspaper printing have not yet been

overcome, and for the near future any increased use of newsprint made from bagasse does not appear to be likely.

Perhaps the greatest advancement in the use of fibers other than those generally used in the manufacture of newsprint is in the utilization of percentages of hardwood pulps. One United States manufacturer of newsprint, who is a pioneer in the use of ground hardwood, informs us that its newsprint now contains more than 25 percent ground hardwood. The manufacturer is continuing to experiment, hoping to increase this percentage, and the prospects seem to be quite favorable. We know that other paper manufacturers, particularly in the Northeastern and Central States, are also using ground hardwood in the manufacture of other grades of paper.

As previously explained and as pointed out in the report from the Forest Service, one of the greatest possibilities for the expansion of newsprint production in the United States appears to be in the South, where there still are some available timberlands of sufficient size to support newsprint production. Also located in this area are mills that could expand their production to include newsprint along with other papers and paperboard.

Newsprint from wastepaper

The manufacture of newsprint from wastepaper is still in an experimental stage, but technical advances in this area appear to be quite promising. Mr. Richard Scudder, publisher of the Newark News, informs us that a process in which he is interested appears to provide a satisfactory sheet of newsprint, and that production on an experimental basis will be continued. It appears to us that much more research could be provided in this field and in the field of ink manufacturing. The lack of financial support for research in these areas, particularly in the manufacture of newsprint, is apparently slowing down development on a scale large enough to prove the practicability of building mills to utilize waste newspapers in the manufacture of new newsprint. No mills that are equipped to manufacture paper and board from wastepaper can produce newsprint without additional facilities because the brightness required for newsprint generally exceeds that required for most other paper products made from wastepaper. The Federal Government through its various agencies could perhaps contribute substantially to the advancement in this field.

CAPITAL INVESTMENT

Very large capital expenditures are required to add newsprint capacity. To build a newsprint mill requires a capital investment of $100,000 to $120,000 per daily ton. Daily capacity ranges from 300 to 400 tons a day. On this basis, total capital outlay for 1 new mill could run from $30 million to $48 million. This expenditure, however, would not cover the purchase of any forest lands.

The apparent requirements for newsprint in the United States by 1965 will be 8,250,000 tons, an increase of 1,300,000 tons over the 1958 level of 6,950,000 tons. If this additional requirement were to be met from United States production alone, the increase in United States capacity beyond the estimated 1958 level of 2 million tons would represent 9 to 12 complete new mills, depending on daily capacity. Such an addition would require a capital investment ranging from $400 million to $480 million, exclusive of the purchase of forest lands.

NEWSPAPER PUBLISHING

The projection of demand for newsprint through 1965 has been based on the projection of the real disposable income, contained in the report of the staff of the Joint Committee on the Economic Report.

Since approximately 94 percent of the newsprint consumed in the United States is for the printing of newspapers, the projection was checked against available information on circulation growth, advertising linage, and content. The apparent circulation of daily newspapers in 1965 is estimated to be 66,254,000, compared with 55,072,000 in 1954. The circulation per family in 1965 is estimated to be 1.18 papers. The number of pages for newspapers of 100,000 or more circulation is estimated to average 53 pages per issue for daily newspapers, and 179 pages per issue for Sunday newspapers. In this instance we do not believe that the sample used is large enough to give a completely accurate picture. However, it is the only information available at this time.

The table and chart on newspaper consumption of newsprint by content show that the relation of advertising to editorial content in 1941 was 40 percent advertising and 60 percent editorial. From 1943 to 1946 the advertising content of newspapers generally increased to 54.5 percent, and to 58.9 percent in 1954. The rapid increase in percentage of advertising content from 1943 to 1946 undoubtedly reflects the paper-use limitations imposed during the war years. We believe that the present ratio of approximately 60 percent advertising and 40 percent editorial will not be materially changed through 1965.

Since the ratio of advertising to editorial content is expected to remain constant, the two principal factors that will govern the consumption of newsprint by newspapers through the year 1965 are advertising linage increases and circulation gains based on population growth. The indexes of advertising linage in newsprint consumption over a period of years follow closely the disposable personal income. Using the period 1949–55 and comparing advertising linage trends with disposable personal income trends, we have estimated that advertising linage will increase from 1955 to 1965 by 33 percent.

United States Newsprint Consumption, 1929–55, and Future Demand

Newsprint consumption in the United States, keeping pace with the expanding economy, had reached a level of 3,801,000 tons in 1929. There followed a steady decline during the depression years of the early 1930's to a low in 1933 of 2,667,000 tons. By 1937, a new peak in newsprint consumption of 3,967,000 tons was reached, indicating the measure of economic recovery. War clouds in Europe began to affect the world economy in 1938, and United States newsprint consumption dropped sharply. Three years of increasing consumption, 1939–41, were followed by another downward trend, which continued through World War II to a low of 3,209,000 tons in 1944.

In 1945 use of newsprint again rose and continued steadily upward, reaching a level of 4,202,000 tons in 1946, 5,528,000 tons in 1949, 6,082,000 tons in 1954 and an estimated 6,575,000 tons in 1955.

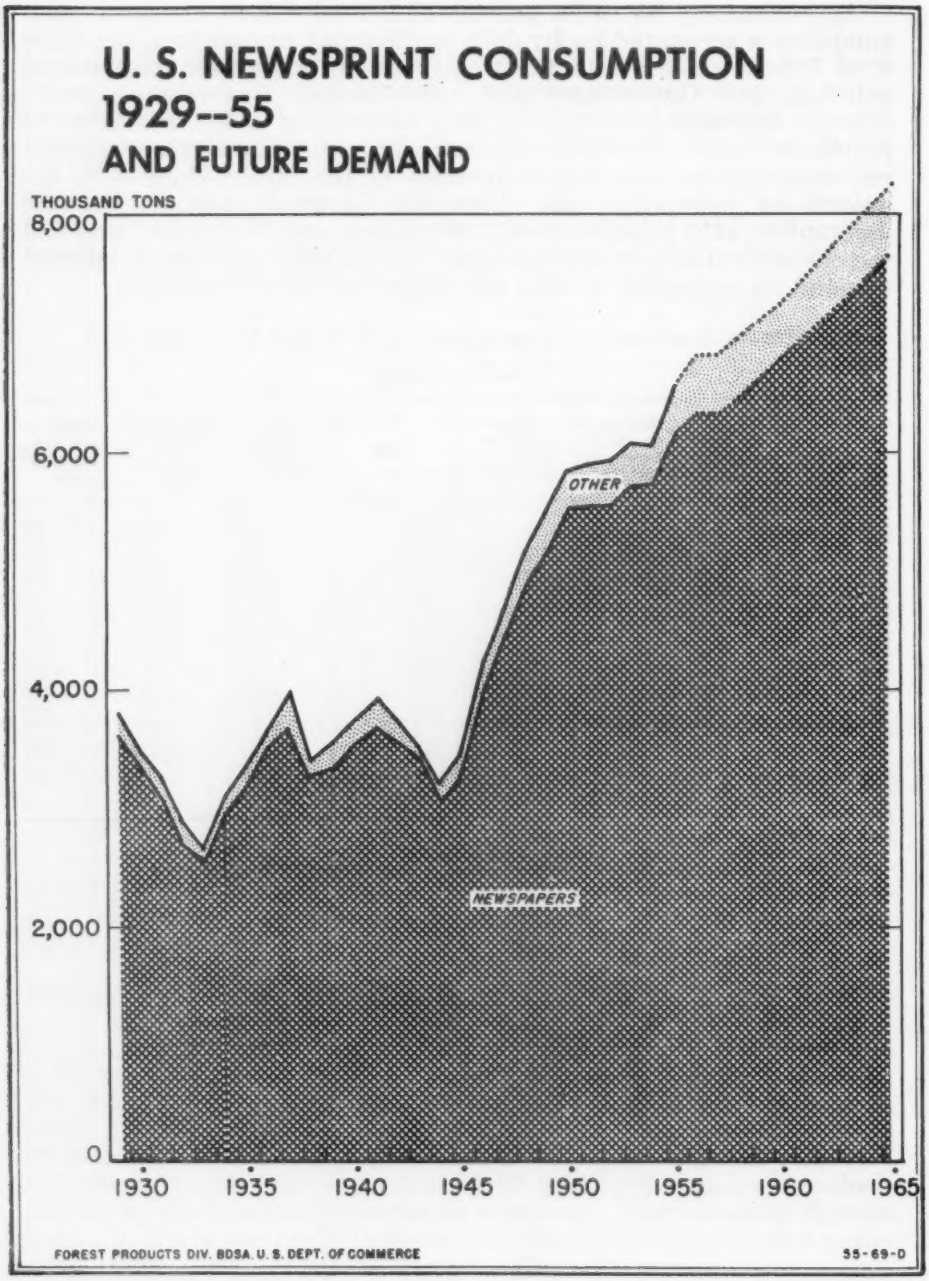
Approximately 93 to 94 percent of United States newsprint consumption is accounted for by daily and Sunday newspapers; the other 6 to 7 percent goes into the weekly press, periodicals, commercial printing, and Government and other usage. Newspaper growth, through increases in circulation and advertising linage, is related to population and disposable personal income. Therefore, newsprint requirements are expected to increase in the future along with the growth of population and disposable personal income. On the assumption of a population of 190 million and disposable personal income of $380 billion, it is estimated that total United States apparent demand for newsprint in 1965 will approximate 8,250,000 tons.

United States newsprint consumption 1929–55 and future demand

[Thousands of tons]

Year	Total apparent consumption [1]	Consumption newspaper publishing [2]	Other apparent consumption	Year	Total apparent consumption [1]	Consumption newspaper publishing [2]	Other apparent consumption
1929	3,801	3,623	178	1946	4,202	3,995	207
1930	3,497	3,385	112	1947	4,686	4,420	266
1931	3,288	3,083	205	1948	5,161	4,781	380
1932	2,882	2,698	184	1949	5,528	5,142	386
1933	2,667	2,557	110	1950	5,856	5,521	335
1934	3,103	2,952	151	1951	5,903	5,557	346
1935	3,339	3,178	161	1952	5,940	5,569	371
1936	3,661	3,507	154	1953	6,090	5,713	377
1937	3,967	3,634	333	1954	6,082	5,723	359
1938	3,396	3,251	145	1955	[3] 6,575	[3] 6,175	[3] 400
1939	3,549	3,344	205	1956	6,800	6,320	480
1940	3,746	3,507	239	1957	6,800	6,320	480
1941	3,934	3,694	240	1958	6,950	6,460	490
1942	3,750	3,587	163	1959	7,100	6,600	500
1943	3,524	3,409	115	1960	7,250	6,740	510
1944	3,209	3,048	161	1965	8,250	7,670	580
1945	3,427	3,237	190				

[1] Source: Forest Products Division, BDSA.
[2] Source: American Newspaper Publishers Association.
[3] Estimate based on approximately 8-percent increase 11 months 1955 over 11 months 1954.


U. S. NEWSPRINT CONSUMPTION
1929--55
AND FUTURE DEMAND
THOUSAND TONS
8,000
6,000
4,000
2,000
0
OTHER
NEWSPAPERS
1930
1935
1940
1945
1950
1955
1960
1965
FOREST PRODUCTS DIV. BDSA. U. S. DEPT. OF COMMERCE
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Newspaper circulation and pages

Year	Dailies				Sunday			
	Circulation (thousands)	Circulation per capita	Circulation per family	Pages per issue (100,000 or more circulation)	Total circulation (thousands)	Circulation per capita	Circulation per family	Pages per issue (100,000 or more circulation)
1929	39,426	0.324	1.34	32	26,880	0.221	0.91	104
1930	39,589	.322	1.32	29	26,413	.215	.88	91
1931	38,761	.312	1.28	27	25,702	.207	.85	82
1932	36,407	.292	1.19	24	24,860	.190	.81	72
1933	35,175	.280	1.13	24	24,041	.191	.77	70
1934	36,709	.290	1.16	26	26,545	.210	.84	78
1935	38,156	.300	1.18	26	28,147	.221	.87	82
1936	40,292	.315	1.23	28	29,962	.234	.92	85
1937	41,419	.322	1.24	28	30,957	.240	.93	87
1938	39,572	.305	1.17	26	30,481	.235	.90	81
1939	39,671	.303	1.15	27	31,519	.241	.91	82
1940	41,132	.312	1.18	27	32,371	.245	.93	86
1941	42,080	.316	1.17	27	33,436	.251	93	88
1942	43,375	.322	1.19	26	35,294	.262	.97	82
1943	44,393	.325	1.20	26	37,292	.273	1.01	78
1944	45,955	.333	1.24	23	37,946	.275	1.02	68
1945	48,384	.347	1.28	22	39,860	.286	1.06	70
1946	50,927	.361	1.32	27	43,665	.309	1.13	84
1947	51,673	.359	1.30	29	45,151	.317	1.13	94
1948	52,285	.357	1.27	32	46,308	.316	1.12	102
1949	52,846	.354	1.24	34	46,399	.311	1.09	107
1950	53,829	.357	1.23	36	46,582	.309	1.06	112
1951	54,019	352	1.20	36	46,279	.301	1.03	113
1952	53,951	.347	1.18	36	46,210	.297	1.01	117
1953	54,472	.344	1.16	37	45,948	.290	.98	121
1954	55,072	.342	1.17	36	46,176	.286	.98	122
1955	56,158	.342	1.16	40	46,962	.286	.97	134
1956 [1]	57,365	.344	1.17	40	48,027	.288	.98	135
1957 [1]	58,565	.346	1.18	41	49,086	.290	.99	139
1958 [1]	59,606	.347	1.18	42	50,158	.292	.99	143
1959 [1]	60,656	.348	1.18	44	51,244	.294	1.00	148
1960 [1]	61,717	.349	1.19	45	52,168	.295	1.00	152
1965 [1]	66,254	.350	1.18	53	56,789	.300	1.01	179

[1] Estimates based on Bureau of the Census population projection, except pages per issue, which are based on advertising linage projection.

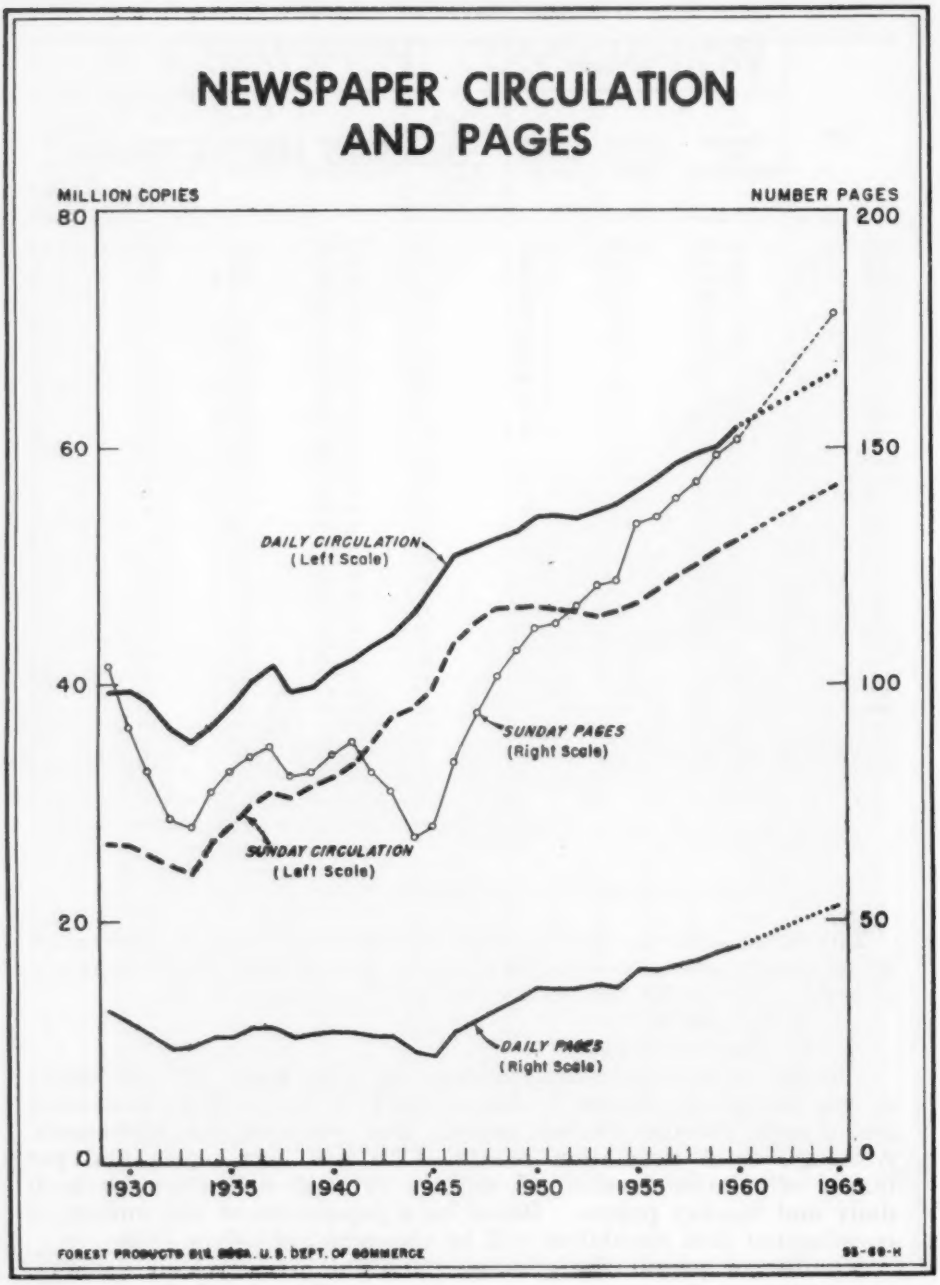
Newspaper Circulation and Pages

The demand for newsprint for newspaper publishing is determined by circulation, number of pages per copy, size of pages, and frequency of issue. The major factors are:

1. Circulation
2. Number of pages

Circulation is determined primarily by population, but per capita or per family circulation is also affected by the level of individual and family income, reader appeal, and price of the newspaper. Although total circulation continues to rise, per capita and per family circulation leveled off slightly in 1953 and 1954 for both daily and Sunday papers. Based on a population of 190 million, it is estimated that circulation will be about 66,254,000 in 1965.

Number of pages (the greatest potential for increased demand, since it is geared to economic expansion as well as population growth) is determined by content—the ratio of advertising linage to editorial linage.


NEWSPAPER CIRCULATION AND PAGES
MILLION COPIES
NUMBER PAGES
80
60
40
20
0
200
150
100
50
0
DAILY CIRCULATION (Left Scale)
SUNDAY PAGES (Right Scale)
SUNDAY CIRCULATION (Left Scale)
DAILY PAGES (Right Scale)
1930
1935
1940
1945
1950
1955
1960
1965
FOREST PRODUCTS B(L 8004, U. S. DEPT. OF COMMERCE
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Newspaper Consumption of Newsprint by Content]

Newspapers perform two major functions or services: Editorial service to readers and advertising service to readers and advertisers. In 1941 the relation of advertising to editorial content was approximately 40-percent advertising, 60-percent editorial. Currently, the ratio is reversed, being 60-percent advertising, 40-percent editorial matter. In terms of newsprint consumption, editorial content has increased approximately 12 percent between 1941 and 1955, while advertising content has risen about 150 percent.

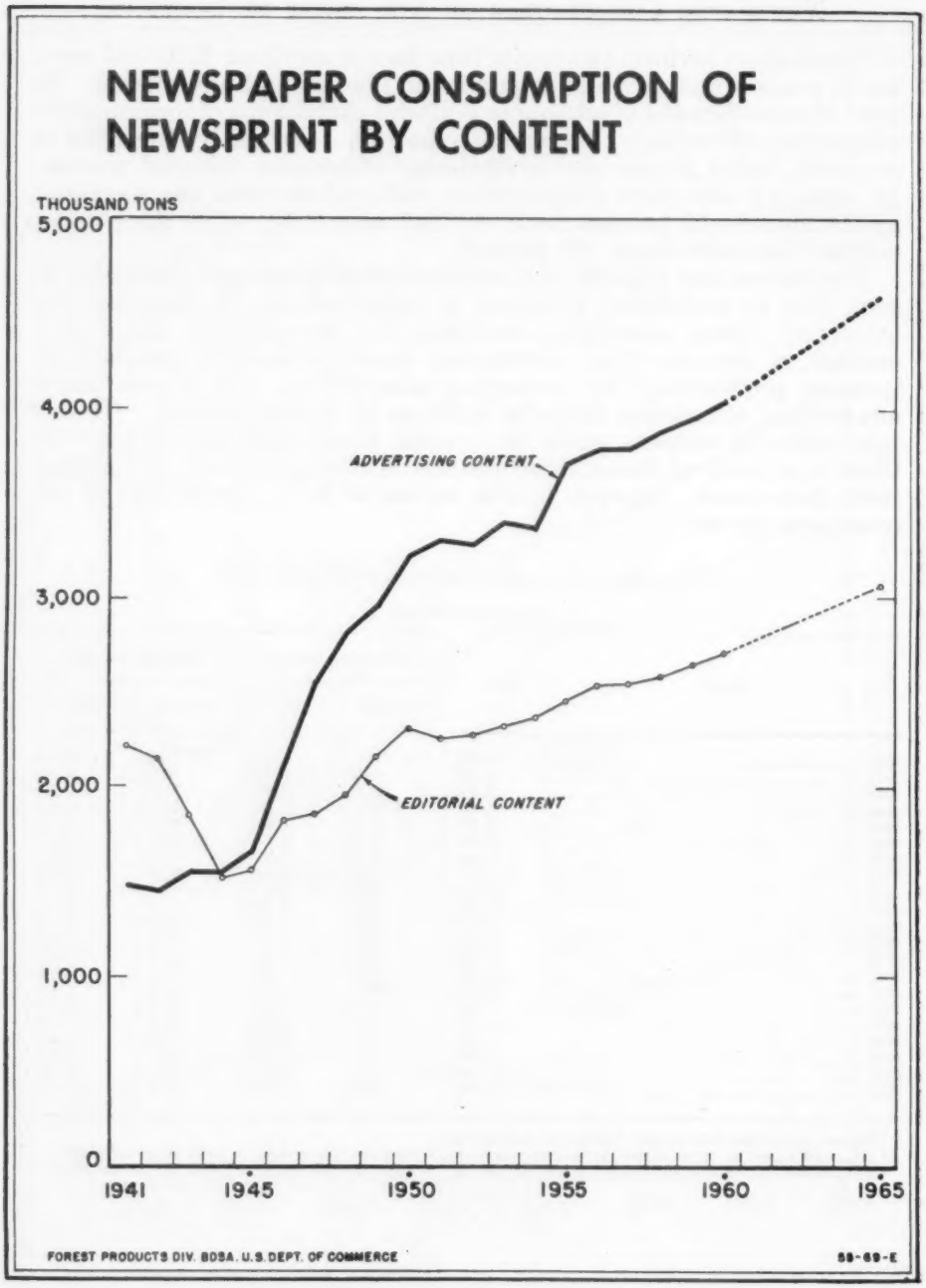
The interacting relationship between advertising and circulation is such that as circulation increases, a larger volume of advertising is attracted. Since advertising accounts for a considerably larger percentage of revenue than circulation, there is constant pressure to increase profitability by increasing advertising. To attract more advertising, circulation must be built up by reader interest. Therefore, editorial content tends to increase along with advertising. If there is a point of diminishing returns in newspaper size, it has not been discovered. Growth in size seems to be a component of all newspaper growth.

Newspaper consumption of newsprint by content

[Thousands of tons]

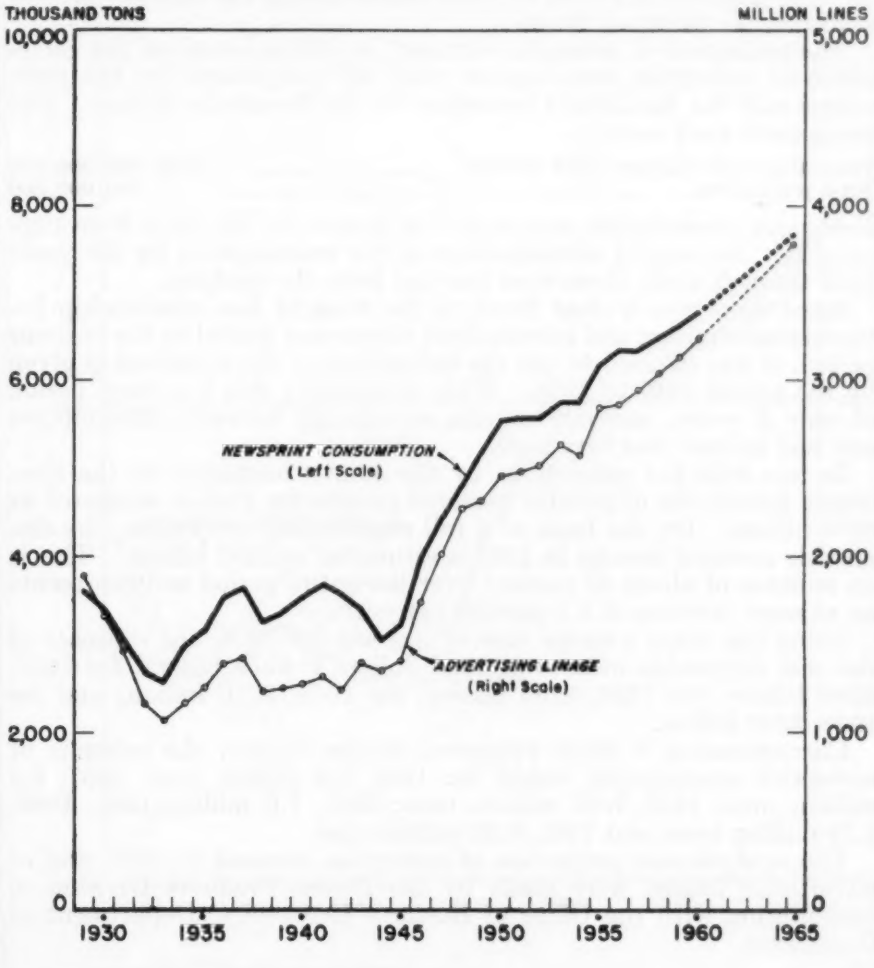
Year	Total [1]	Advertising content		Editorial content	
		Percent [1]	Tons	Percent	Tons
1941	3,694	40.1	1,481	59.9	2,213
1942	3,587	40.2	1,442	59.8	2,145
1943	3,409	46.0	1,568	54.0	1,841
1944	3,048	50.2	1,530	49.8	1,518
1945	3,237	51.5	1,667	48.5	1,570
1946	3,995	54.5	2,177	45.5	1,818
1947	4,420	57.7	2,550	42.3	1,870
1948	4,781	58.8	2,811	41.2	1,970
1949	5,142	57.9	2,977	42.1	2,165
1950	5,521	58.3	3,219	41.7	2,302
1951	5,557	59.3	3,295	40.7	2,262
1952	5,569	59.0	3,286	41.0	2,283
1953	5,713	59.4	3,394	40.6	2,319
1954	5,723	58.9	3,370	41.1	2,353
1955	[3] 6,175	[3] 60.0	3,705	40.0	2,470
1956	6,320	60.0	3,790	40.0	2,530
1957	6,320	60.0	3,790	40.0	2,530
1958	6,460	60.0	3,880	40.0	2,580
1959	6,600	60.0	3,960	40.0	2,640
1960	6,740	60.0	4,040	40.0	2,700
1965	7,670	60.0	4,600	40.0	3,070

[1] Source: American Newspaper Publishers Association.
[2] Estimate based on approximately 8-percent increase, 11 months 1955 compared with 11 months 1954.
[3] Estimate based on approximately 11 percent increase, 11 months 1955 compared with 11 months 1954.


NEWSPAPER CONSUMPTION OF NEWSPRINT BY CONTENT
THOUSAND TONS
5,000
4,000
3,000
2,000
1,000
0
ADVERTISING CONTENT
EDITORIAL CONTENT
1941
1945
1950
1955
1960
1965
FOREST PRODUCTS DIV. BDSA. U.S. DEPT. OF COMMERCE
58-69-E

RELATIONSHIP OF ADVERTISING LINAGE TO NEWSPRINT CONSUMPTION

The rate of increase in advertising linage has been so much greater than that of editorial content that advertising volume alone has become a good barometer of newsprint demand.



FOREST PRODUCTS DIVISION, BDSA. U.S. DEPT. OF COMMERCE 58-69-5

Explanation of the Methods Used in the Projection of the Consumption of Newsprint

Approximately 93 to 94 percent of total United States demand for newsprint is required for newspapers. The consumption of newsprint by newspapers is determined by circulation multiplied by number of pages per issue. Circulation, in turn, is limited by population growth, and the number of pages per issue is determined in a great measure by advertising volume. Indexes of advertising linage and newsprint consumption over a period of years follow closely the index of growth in disposable personal income.

The projection of newsprint demand in 1965 is based on the correlation of newsprint consumption with the projections by the committee staff for the Joint Committee on the Economic Report. The projections used were:

Total disposable income (1954 dollars)	$383,000,000,000
Total population	190,000,000

Newsprint consumption was related to income for the years from 1929 to 1955. Because of abnormalities in the consumption for the years 1938 through 1948, these were omitted from the analysis.

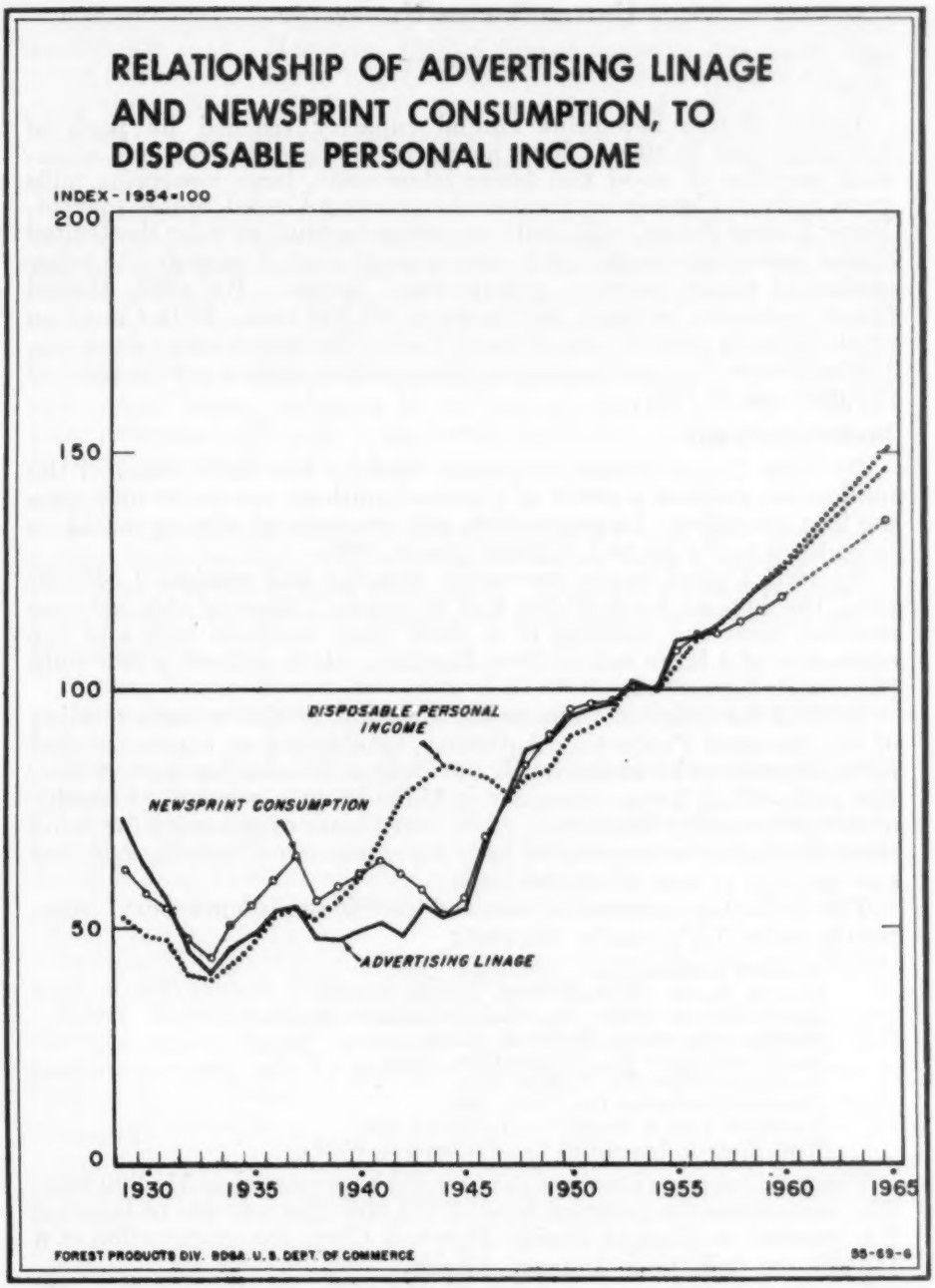
Since there was a clear break in the straight line relationship between consumption and income from the prewar period to the postwar period, it was decided to use the indications of the relationship given by the period 1949 to 1955. While admittedly this is a short period of only 6 years, nevertheless the correlation between consumption and real income was very high.

In line with the projections by the Joint Committee on the Economic Report the disposable personal income for 1955 is estimated at $270 billion. On the basis of a full employment projection, the disposable personal income in 1965 is estimated at $383 billion. This is an increase of about 42 percent over the entire period and represents an average increase of 3.5 percent per year.

Using this same average rate of increase for 1956, the estimate of the real disposable income in 1954 dollars is $279 billion; for 1957, $289 billion; for 1958, $299 billion; for 1959, $310 billion; and for 1960, $320 billion.

Corresponding to these projected income figures, the estimate of newsprint consumption would be: 1956, 6.8 million tons; 1957, 6.8 million tons; 1958, 6.95 million tons; 1959, 7.0 million tons; 1960, 7.25 million tons; and 1965, 8.25 million tons.

The analysis and projection of newsprint demand in 1965, and of advertising linage, were made by the Forest Products Division in consultation with the Office of Business Economics, Department of Commerce.


RELATIONSHIP OF ADVERTISING LINAGE AND NEWSPRINT CONSUMPTION, TO DISPOSABLE PERSONAL INCOME
INDEX - 1954=100
200
150
100
50
0
DISPOSABLE PERSONAL INCOME
NEWSPRINT CONSUMPTION
ADVERTISING LINAGE
1930
1935
1940
1945
1950
1955
1960
1965
FOREST PRODUCTS DIV. BDSA U. S. DEPT. OF COMMERCE
55-69-6

United States Newsprint

CAPACITY

Past

United States newsprint annual capacity reached its peak of 1,739,000 tons in 1926. With newsprint being duty free, and abundant supplies of wood and lower labor costs, large newsprint mills were built in Canada to furnish the growing United States market. Many United States mills could not compete profitably for the United States newsprint market and consequently shifted capacity to other grades of paper, namely, ground-wood papers. By 1934, United States newsprint capacity had dropped 500,000 tons. With Canadian capacity being geared to meet rising United States newsprint demands, United States newsprint capacity continued to decline until it reached 837,000 tons in 1947.

Recent (1950–55)

By 1950 United States newsprint capacity had again reached the million-ton mark as a result of a second southern newsprint mill coming into operation. Improvements and speedups of existing machines brought capacity up to 1,170,000 tons in 1953.

By 1955 United States newsprint capacity had reached 1,540,000 tons, the highest level of the last 22 years. Most of this increase resulted from the building of a third large southern mill and the expansion of a large mill in New England, which utilized a new pulp process for hardwoods.

In 1952 the Office of Defense Mobilization, at the recommendation of the National Production Authority, established an expansion goal for newsprint under authority of the Defense Production Act. Under this goal, calling for an expansion in United States newsprint capacity of 494,000 tons by January 1, 1956, certificates of necessity for rapid tax amortization were granted both for expansion of existing facilities and erection of new newsprint mills.

The following companies received certificates of necessity (commonly called TA's) under this goal:

Bowater Southern Corp., Calhoun, Tenn.
Georgia Pacific Plywood Corp., Juneau, Alaska
Great Northern Paper Co., East Millinocket, Maine
Michigan Paper Co., Plainwell, Mich.
Publishers Paper Co., Oregon City, Oreg.
Southland Paper Co., Lufkin, Tex.
Superior Newsprint Co., Gary, Ind.
Valentine Pulp & Paper Co., Lockport, La.
West Tacoma Newsprint Co., Steilacoom, Wash.

The total tonnage involved in these TA's amounted to 571,000 tons. The excess over the program level of 494,000 tons was due to the final TA granted to Georgia Pacific Plywood Corp. for construction of a 155,000-ton mill near Juneau, Alaska.

Definite plans for construction of this mill were dependent on obtaining the timber-cutting rights to Forest Service lands in Alaska which were obtained this fall. The contract with the Forest Service calls for construction of a mill by 1961.

Two companies, Michigan Paper Co. and Superior Newsprint Mills, returned their certificates which covered 16,000 tons.

Actual expansion under the 494,000-ton goal has thus amounted to 400,000 tons. However, United States capacity has risen from 1,050,000 tons in 1951 to 1,540,000 tons in 1955, an increase of 490,000 tons, the same as called for in the expansion goal. The 90,000-ton increase over and above that covered by TA's is an accumulation from speedups, modernization, and more efficient operations obtained in this 4-year period.

The more significant expansions involving TA's were those of the Great Northern Paper Co., Millinocket, Maine, and the new southern mill built by Bowater Southern Corp. at Calhoun, Tenn. The Great Northern Paper Co., the largest United States producer of newsprint, undertook a considerable expansion based on a new chemi-ground wood-pulping process which utilizes hardwoods, which were heretofore not considered fully adaptable to newsprint production. The Bowater mill, which began operation in the second quarter of 1954 was the third newsprint mill built in the South and the second one constructed in that region in the last 5 years.

1956–58

By 1958, United States newsprint capacity will have reached 2 million tons, the highest level in United States history and a doubling of capacity in the 8 years since 1950. To achieve this 2-million-ton level, another 460,000 tons is expected to be added in the next 3 years.

New machines

Present United States producers of newsprint have announced that at least four new machines will come into production by 1958 as follows:

Bowater Southern Corp., Calhoun, Tenn.: A new machine of 80,000 tons to be in full operation by 1957.

Coosa River Paper Co., Coosa Pines, Ala.: A new machine, production of which will be in operation in 1958 to the extent of 65,000 tons. An additional 35,000 tons will be available in 1959.

St. Croix Paper Co., Woodland, Maine: A new machine will add 30,000 tons by 1958.

Southland Paper Co., Lufkin, Tex.: A new machine will add 70,000 tons, 30,000 tons in 1956 and 40,000 tons in 1957.

Great Northern Paper Co., Millinocket, Maine: A second new machine, which began operation in August 1955, will, after a full year's operation, and by going on a 7-day week, add 50,000 tons in 1956.

New mill

The International Paper Co. has started construction of a 100,000-ton newsprint mill at Mobile, Ala., which is expected to be in operation by 1957.

Speedups and modernization

In addition to the increases through new machines and mills, additional capacity will be realized through increasing the speeds of existing machines, improvements in both pulp and paper technology, etc. The additional capacity is estimated to be about 95,000 tons by 1958.

However, there are a number of old and inefficient newsprint machines in northern paper mills, the production of which will probably be shifted to more suitable grades of paper. These old (40–50 years) machines are slow running (1,000 feet a minute) and narrow (100–120 inches) in comparison with the new giants now being installed (2,000 feet a minute, 270–300 inches wide) and consequently are due to be shifted to grades of paper where speed and width are less exigent factors. An estimated 30,000 tons of capacity will be taken out of newsprint by 1958 by such shifting of production.

The net result of the speedups and modernization, balanced against the shifting of the older machines to other grades of paper will be an increase in capacity of 65,000 tons by 1958.

Of the 460,000-ton capacity expansion to be built between now and 1958, all will be constructed without tax amortization benefits except the new machine being put in by Southland Paper Co. at Lufkin, Tex. Thus of the expansion of 950,000 tons from 1950 through 1958, 400,000 tons involved TA's under the expansion goal program of ODM and 550,000 tons will have been built under normal commercial procedures.

After 1958

There have been statements in trade journals and the public press that additional newsprint mills are being considered. The Hudson Pulp & Paper Co., Palatka, Fla., the Union Bag & Paper Co., Savannah, Ga., and the National Paper Co., Ranson, Pa., have been mentioned as considering building newsprint mills. However, such plans are still in the formative stage and should not be contemplated as actual or even probable at this time. In addition, the status of the Georgia Pacific Plywood Corp. mill in Juneau, Alaska is still unsettled and should not, as yet, be relied on as a source of newsprint before 1960, if then.

United States newsprint capacity, 1954–58

[Thousands of tons]

1954 annual capacity	1,280
Increase in 1955	260
1955 annual capacity	1,540
Estimated increase in 1956	140
1956 annual capacity	1,680
Estimated increase in 1957	200
1957 annual capacity	1,880
Estimated increase in 1958	120
1958 annual capacity	2,000

Source: 1954 American Newspapers Publishers Association, 1955–58, estimated by Forest Products Division, BDSA, Department of Commerce, on basis of reported expansions from individual United States manufacturers.

United States newsprint expansion plans, 1956–58

[Thousands of tons]

1955 capacity		1,540
Increase in 1956:		
A. New machines:		
1. Great Northern Paper Co., full year operation of new machines which came into operation in August 1955 plus 7-day operation	50	
2. Southland Paper Co., part year operation of new machine	30	
Total new capacity	80	
B. Speedups, modernization, etc	60	
C. Total increase in 1956		140
1956 annual capacity		1,680
Increase in 1957:		
A. New machines:		
1. Bowater Southern Paper Corp., new machine	80	
2. International Paper Co., new mill	100	
3. Southland Paper Co., full year operation of new machine started in 1956	40	
Total new capacity	220	
B. Speedups, modernization, etc	10	
C. Loss of capacity, northern mills expected to shift some older machines to more profitable grades. Will also increase capacity of other machines through speedups, modernization, etc., net loss of capacity	−30	
D. Total increase in 1957		200
1957 annual capacity		1,880
Increase in 1958:		
A. New Machines:		
1. Coosa River Paper Co	65	
2. St. Croix Paper Co	30	
Total new capacity	95	
B. Speedups, modernization, etc	25	
C. Total increase in 1958		120
1958 capacity		2,000

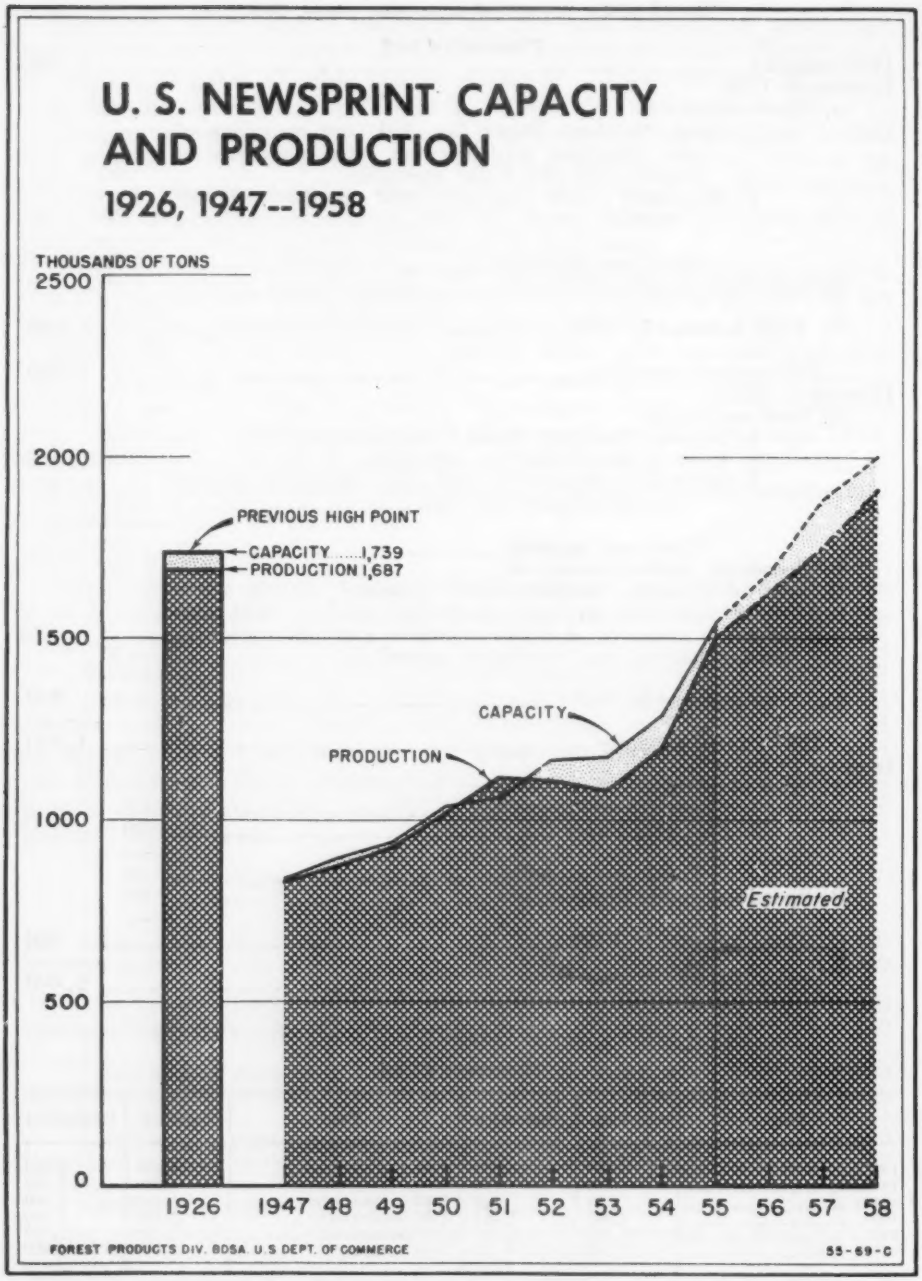
United States newsprint capacity and production, 1947–58

[Thousands of tons]

Year	Capacity	Production	Year	Capacity	Production
1947	837	833	1953	1,170	1,069
1948	893	876	1954	1,280	1,192
1949	924	918	1955 (estimated)	1,540	1,500
1950	1,033	1,013	1956 (estimated)	1,680	1,630
1951	1,050	1,108	1957 (estimated)	1,880	1,750
1952	1,165	1,109	1958 (estimated)	2,000	1,900

NOTE.—The year 1947 marked the lowest point in reported United States newsprint capacity since about 1909. The high point in capacity, totaling 1,739,000 tons, was reported for 1926, when the largest domestic output also was recorded, amounting to 1,687,000 tons.

Source: Capacity for 1947 from Bureau of the Census; for 1948–54 from American Newspaper Publishers' Association; production for 1947–54 from Bureau of the Census. Capacity and production estimated for 1955–57 by Forest Products Division, BDSA.


U. S. NEWSPRINT CAPACITY AND PRODUCTION
1926, 1947--1958
THOUSANDS OF TONS
2500
2000
1500
1000
500
0
PREVIOUS HIGH POINT
CAPACITY 1,739
PRODUCTION 1,687
CAPACITY
PRODUCTION
Estimated
1926
1947
48
49
50
51
52
53
54
55
56
57
58
FOREST PRODUCTS DIV. BDSA. U.S. DEPT. OF COMMERCE
55-69-C

PRODUCTION

Past

The production of newsprint in the United States prior to 1950 reached its peak in 1926 with 1,687,000 tons. A gradual decline then began, and by 1938 production was down to 832,000 tons, a drop of 50 percent from the 1926 level. Production climbed to around the million-ton level by 1941, but with World War II restrictions, dropped to 700,000 to 750,000 tons during 1942–45. By 1947 production was 833,000 tons and by 1950, production had reached 1,013,000 tons.

1950–55

Between 1950 and 1954 United States annual production of newsprint was 1 million to 1,100,000 tons. In 1954, with the Bowater Southern Paper Co. mill in the South coming into production in the second quarter and part of the expansion of Great Northern Paper Co. being operative for most of the year, production reached nearly 1,200,000 tons.

During 1955 the Bowater mill was in full operation and the Great Northern operation was nearly completed. Further, with the newsprint demand reaching an all-time high, a number of small ground-wood mills are producing newsprint. The net result will be a production of 1,500,000 tons in the United States for 1955. This is a 300,000-ton, or 25 percent, increase over 1954. In the last 10 years, United States production will have nearly doubled, rising from 773,000 tons in 1946 to the 1,500,000-ton level in 1955.

1956–58

The production of newsprint in the United States is expected to reach 1,900,000 tons in 1958, an increase of 27 percent, or 400,000 tons, in the next 3 years.

Estimated United States capacity and production, 1955–58

[Thousands of tons]

	1955	1956	1957	1958
Capacity	1,540	1,680	1,880	2,000
Production	1,500	1,630	1,750	1,900

Production in 1955 and 1956 will be close to full capacity, as recent expansions are able to operate at nearly maximum efficiencies. While 200,000 tons of new capacity are due in 1957, it is likely that production will not increase in the same amount because of possible delays in starting actual operation of the new machines, breaking-in periods, adjustments, etc.

The production to be realized during the first year's operation of the new capacity has been set as 120,000 tons rather than the full 200,000-ton capacity increase. In 1958 capacity is expected to rise 120,000 tons, but production is estimated to increase 150,000 tons. This production increase takes into account speedups of the 1957 new capacity as well as that new capacity coming into production in 1958.

These production estimates can be exceeded, of course, if all schedules of construction are met and all new machines are able to run at full efficiency from the outset. Such is not usually the case, however,

and it is believed that the production estimates for 1956, 1957, and 1958 in this report are realistic and represent the tonnages that should be used in determining the supply position for United States newsprint.

United States newsprint production, imports, exports, and total apparent consumption, 1929–58

[Thousands of tons]

Year	Production	Imports	Exports	Apparent consumption	Year	Production	Imports	Exports	Apparent consumption
1929	1,409	2,423	19	3,801	1944	721	2,491	31	3,209
1930	1,226	2,280	10	3,497	1945	725	2,669	44	3,427
1931	1,203	2,067	10	3,288	1946	773	3,492	28	4,202
1932	1,047	1,792	8	2,882	1947	833	3,958	28	4,686
1933	928	1,794	11	2,667	1948	876	4,395	28	5,161
1934	990	2,210	23	3,103	1949	918	4,639	39	5,528
1935	948	2,383	22	3,339	1950	1,013	4,863	44	5,856
1936	938	2,752	15	3,661	1951	1,108	4,963	71	5,903
1937	976	3,317	17	3,967	1952	1,109	5,033	105	5,940
1938	832	2,275	6	3,396	1953	1,069	5,004	47	6,090
1939	954	2,615	13	3,549	1954	1,192	4,992	140	6,082
1940	1,056	2,763	44	3,746	1955 (estimated)	1,500	5,175	200	6,575
1941	1,045	2,982	70	3,934	1956 (estimated)	1,630	5,390	220	6,800
1942	967	2,921	42	3,750	1957 (estimated)	1,750	5,280	230	6,800
1943	811	2,637	35	3,524	1958 (estimated)	1,900	5,290	240	6,950

NOTE.—Apparent consumption equals production plus imports minus exports adjusted for year-end change in newspaper publishers' inventories and domestic mill stocks.

Source: Production, import and export figures: Bureau of the Census. Publishers' inventories: American Newspaper Publishers Association. Mill inventories: Newsprint Service Bureau.

IMPORTS

Past

Imports into the United States have been the main source of supply of newsprint for the past 30 years. Since the midtwenties they have not only risen from around 2 million tons to over 5 million tons in 1955 but have increased their percentage of total United States supply from under 50 percent in 1926 to 80 percent in 1954.

Newsprint imports come principally from two sources, Canada and the Scandinavian countries, with insignificant and sporadic tonnages from other countries. Imports from Canada in the past 10 years have risen from 3,478,000 tons in 1946 to 4,864,000 tons in 1954. Newsprint imports from Canada in 1955 are estimated to be 5,025,000 tons, an alltime high.

Imports from Scandinavia, mainly Finland, have dropped from 260,000 tons in 1949 to 128,000 tons in 1954. Prior to 1949 they accounted for about 10 percent of total imports, but have since declined considerably in importance as increased United States production became available.

Imports, 1955–58

Canada will continue to be the major source of newsprint for United States consumption. It is expected to furnish to the United States in the next 3 years 5.1 to 5.2 million tons annually, which, although at record levels, will result in a drop in Canada's portion of total United States supply because of increased United States newsprint production.

Canadian production is expected to increase 800,000 tons in the next 3 years. With United States production increasing in sufficient

amounts to meet the expected increase in United States consumption, requirements for newsprint from Canada will continue at about the same level as in 1955. However, with world demand for newsprint expected to exceed production by at least 110,000 tons by 1958, newsprint supplies to the United States may well be below the apparent requirement levels as other world consumers compete for available supplies.

Scandinavian newsprint exports to the United States have declined to about 125,000 tons a year. It is assumed that we will continue to get some newsprint from that source in the near future. For purposes of this report, 125,000 tons annually are expected to be imported from Scandinavia, principally Finland. Since Finland is also expected to expand its newsprint capacity considerably in the next 3 years, it may be assumed that Finland will continue to make newsprint available to the United States, which has been a traditional and sizable market.

EXPORTS

Exports of newsprint from the United States ranged from 28,000 to 44,000 tons from the end of World War II through 1950. In 1951 they rose to 71,000 tons and to 105,000 tons in 1952. This rise occurred during the Korean crisis and reflected efforts of the United States to provide newsprint to other democratic nations which were unable to obtain their normal supplies. In 1953, United States exports dropped to 47,000 tons. Rising world demand for newsprint in 1954, however, brought newsprint exports from the United States up to 140,000 tons. Latin America and the Philippine Republic are the largest foreign consumers of United States newsprint. They took all but 1,200 tons of the 47,000 tons exported in 1953. In 1954 Latin America's imports of newsprint from the United States rose to 84,000 tons, 60 percent of United States exports. Exports to the Philippines stayed at 16,000 tons in 1954.

While Europe had been receiving small amounts of newsprint from the United States in the postwar years, such United States exports rose to 9,000 tons a year in 1951 and 1952 as the United States made newsprint available to a number of friendly nations during the Korean crisis. In 1953 there were no United States exports to European countries, as they were able to meet their demands from their normal sources, i. e., Canada and the Scandinavian countries. In 1954, with European industrial recovery becoming more evident, they sought United States sources of newsprint and received 24,000 tons, the highest level ever reached.

The rise in United States exports in 1954 will continue into 1955, when an estimated 200,000 tons will be exported. In the first 9 months of 1955, United States exports of newsprint were 167,000 tons, 17,000 tons more than the total exported in 1954 and 74 percent above the export level reached during the first 9 months of 1954. As before, Latin America (South America, Central America, Mexico, Cuba, and the West Indies) accounted for most of the exports, 89,000 tons, an increase of 34,000 tons over the same period of 1954. The Philippine Republic received 17,000 tons. Thus, 106,000 tons of newsprint were exported during the first 9 months of 1955 to the traditional markets of Latin America and the Philippines, as compared with 84,000 tons in 1954.

United States exports to Europe have reached 40,000 tons of newsprint in the first 9 months of 1955, against only 17,000 tons a year ago. The rest of the world, principally Asia, has received 20,000 tons of newsprint from the United States.

In 1954, United States newsprint consumers were using about the same tonnage as in 1953 and were able to obtain sufficient supplies from both United States and Canadian sources. Thus, United States newsprint producers were able to offer additional tonnage to foreign consumers, whose demands were rising. In late 1954 it was still the feeling of United States publishers and their suppliers that 1955 newsprint requirements would be about the same as in 1953 and 1954. With new tonnage coming into production in the United States, producers, in order to make plans for full-year production, were able to accept orders from foreign countries. At least one of the United States newsprint producers has indicated that it was not able to obtain sufficient domestic orders for 1955 to take up its full capacity for the year, and consequently accepted orders from foreign consumers. With postwar economic activity rising rapidly and the continuous effort of democratic nations to counteract Communist propaganda, the availability of additional tonnages from the United States was welcomed by overseas consumers.

Exports, 1956–58

With United States production continuing to rise over the next 3 years, United States exports of newsprint can be expected to stay at least at current levels (200,000 tons). With our principal export market, Latin America, on the upsurge, and with European and Far East countries seeking more newsprint, it has been assumed in this report that United States exports in the next 3 years will expand slightly and reach 240,000 tons by 1958.

These figures are estimates, and any change in world demand or United States export availability could vary actual accomplishments considerably from these levels.

United States newsprint imports by country of origin, 1947–54

[Thousands of short tons]

Year	Canada [1]	Finland	Sweden	United Kingdom	Norway	France	All other countries	Total [2]
1947	3,829	84	25	----------	6	10	4	3,958
1948	4,127	132	70	3	28	28	7	4,395
1949	4,382	151	37	35	30	2	1	4,639
1950	4,690	144	18	(3)	4	2	2	4,863
1951	4,756	160	30	----------	9	5	3	4,963
1952	4,850	162	16	----------	4	----------	1	5,033
1953	4,841	145	16	----------	3	----------	----------	5,004
1954	4,864	122	6	(3)	(3)	----------	----------	4,992

[1] Includes Newfoundland.
[2] Data does not necessarily add to total because of rounding.
[3] Less than 500 short tons.

Source: Bureau of the Census.

United States exports of newsprint, 1953 and 1954

[In short tons]

Destination	1953	1954	Destination	1953	1954
Netherlands		6,164	Other South America	8,244	19,483
France		5,243	Hong Kong		4,629
Western Germany		6,583	India and Pakistan		1,152
Other Europe		6,232	Indonesia		3,234
Mexico	8,831	8,831	Philippine Republic	16,384	15,939
Cuba	1,244	2,834	Other Asia	510	2,988
West Indies	548	613	Africa	662	1,342
Central America	2,332	5,967	Others [1]	100	1,755
Brazil	7,820	28,473			
Argentina		18,933	Total	46,675	140,395

[1] Includes shipments valued at $100 to $499 for which destination not indicated.

Source: Bureau of the Census.

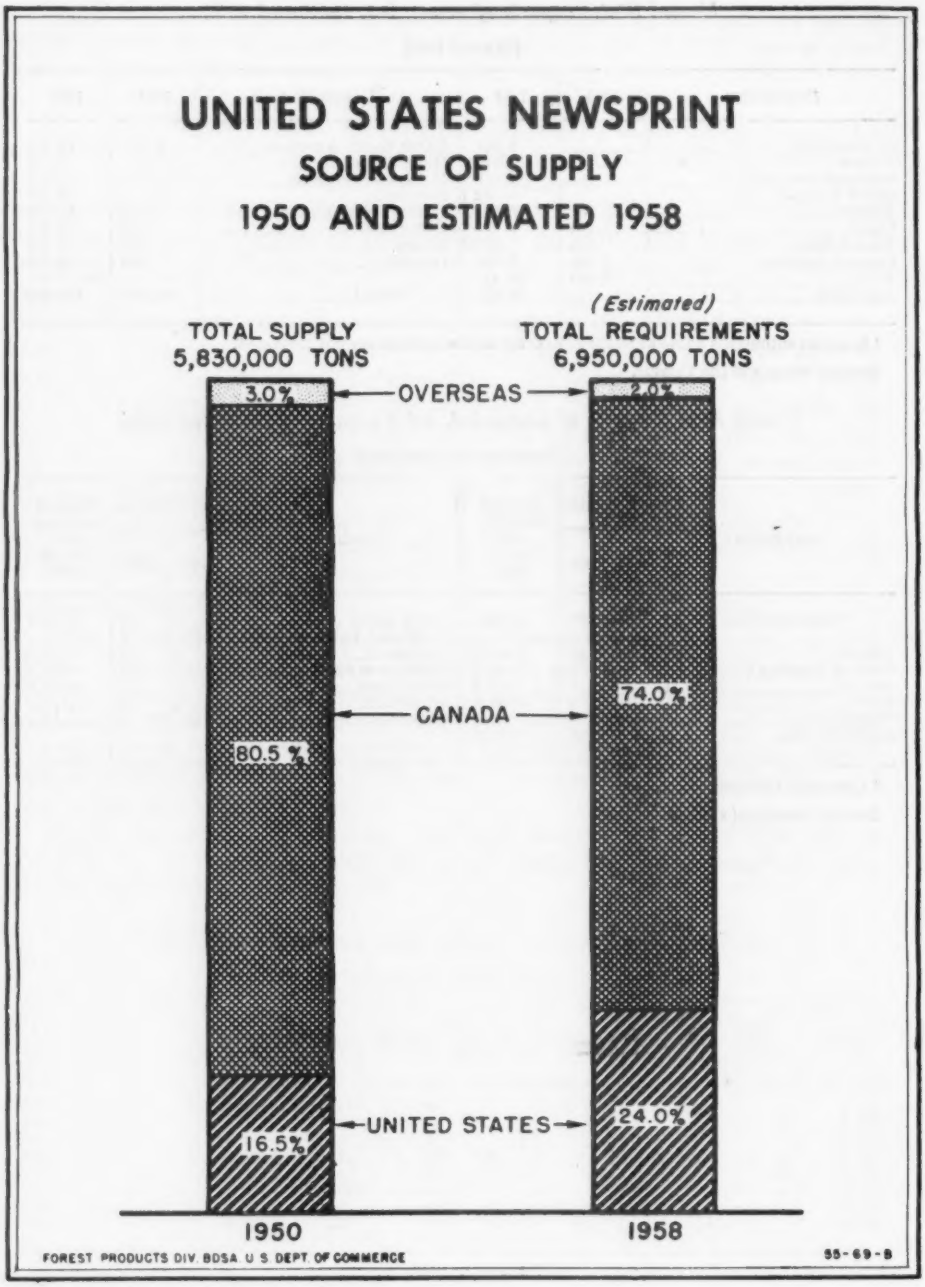
United States exports of newsprint, 1st 9 months of 1955 and 1954

[Thousands of short tons]

Destination	1st 9 months		Percent change, 1955 versus 1954	Destination	1st 9 months		Percent change, 1955 versus 1954
	1955	1954			1955	1954	
Total exports	167	96	+74.0	Hong Kong	8	3	+166.7
				India and Pakistan	(1)	1	
Europe	40	17	+135.3	Indonesia	2	3	−33.3
Central America	5	3	+66.7	Philippine Republic	17	13	+30.8
Mexico	8	6	+33.3	Other Asia	9	2	+350.0
Cuba	11	2	+450.0	Africa	1	1	
West Indies	(1)	(1)		Others	(1)	1	
South America	65	44	+47.7				

[1] Less than 1,000 short tons.

Source: Bureau of Census.


UNITED STATES NEWSPRINT
SOURCE OF SUPPLY
1950 AND ESTIMATED 1958
TOTAL SUPPLY
5,830,000 TONS
(Estimated)
TOTAL REQUIREMENTS
6,950,000 TONS
3.0%
OVERSEAS
2.0%
80.5 %
CANADA
74.0%
16.5%
UNITED STATES
24.0%
1950
1958
FOREST PRODUCTS DIV. BDSA U.S. DEPT. OF COMMERCE
55-69-8

Timber Supplies for Newsprint Production in the United States

Foreword

The purpose of this statement is to appraise the current and long-range timber situation in the United States in relation to possible expansion of the domestic newsprint industry. The statement has been prepared by the Forest Service, United States Department of Agriculture, for inclusion in reports of the Department of Commerce to congressional committees.

Use of timber resources for newsprint, or any other particular forest product, depends upon a number of factors. Some of these pertain to the general availability of future timber supplies for all competing industries. Some pertain to competitive factors that enable pulp and paper producers to maintain or expand their production in spite of strong competition from other wood industries. These various factors affecting pulpwood supplies are discussed below.

Timber volumes increasing in East, declining in West

The overall availability of timber for the forest industries depends upon both standing timber inventories and the balance between growth and cut. In the Eastern United States in 1952 the total cut of timber amounting to 7 billion cubic feet was substantially less than the total growth of 11.5 billion cubic feet. Only a small growth surplus occurred in the preferred softwood species, however; growth of pine and other softwoods amounted to 4.4 billion cubic feet compared with a cut of 3.7 billion cubic feet. On the other hand, hardwood growth of 7 billion feet was more than double the cut of 3.2 billion cubic feet. In the Western States, the cut of 3.8 billion cubic feet considerably exceeded the growth of 2.8 billion cubic feet, as would be expected in a region where there are large remaining supplies of old-growth timber. Practically all the western timber is softwood.

In terms of sawtimber, which includes the larger and better quality trees suitable for cutting into lumber, the 1952 situation was not as favorable as for all sizes of timber. Total growth of softwood sawtimber in the East of 17 billion board-feet was moderately in excess of the cut of 14.1 billion board-feet. Conditions vary considerably by regions within the East, however. Thus in the Northeast growth of softwoods was less than the cut. The surplus growth moreover occurred in small trees of relatively poor quality.

Hardwood sawtimber growth in the East amounting to 19.1 billion board-feet showed a large surplus over the cut of 12.2 billion board-feet; much of this surplus growth was in low-grade timber.

In the West sawtimber growth of 11.3 billion board-feet was only about half the cut of 22.5 billion board-feet.

The surplus of softwood timber growth in the East, including sawtimber, marks a reversal of a long decline in timber supplies. This is attributable to several factors: The cut of softwood lumber has declined from former levels as timber volumes, sizes, and quality have diminished and as lumber production has shifted to old-growth timber stands in the West. Use of timber for fuelwood also has dropped considerably, in effect largely offsetting the spectacular increase in the cut of pulpwood that has occurred over the past several decades. In addition, timber growth has been significantly built up in recent years through steadily expanding programs of fire protection and other

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forestry measures. These trends are of large significance to the pulp industry with 83 percent of its capacity located in the East.

The surplus of hardwood growth reflects the limited markets that are available for hardwoods, particularly the low-quality hardwood timber that now predominates in eastern forests. Hardwoods make up only 23 percent of the United States lumber cut, for example, and 16 percent of the pulpwood cut. Hardwood types now cover nearly 68 percent of the commercial forest land in the East. The area of such types, as well as volume, is increasing, moreover, as a result of natural reversion to hardwoods and cutting practices which remove the preferred softwoods for such products as lumber and pulpwood and leave the less desired hardwoods.

Present timber volumes concentrated in the West

Western forests comprise only 24 percent of the 489 million acres of commercial forest lands in the United States and coastal Alaska, or 121 million acres. However, at the present time these western forests contain 70 percent of the Nation's present supply of 2,057 billion board-feet of standing timber. Most of this large volume in the West, moreover, is in old-growth stands of relatively high quality and consists almost entirely of softwoods. In terms of cubic feet of growing stock western forests contain about 56 percent of the Nation's timber supply totaling 517 billion cubic feet.

The South contains 193 million acres of commercial forest land, or 40 percent of the Nation's timber-growing area. As a result of many years of heavy cutting this region currently has only 17 percent of the Nation's sawtimber supply, however, and 22 percent of the cubic foot volume of standing timber. More than half of the timber in this region is hardwood. The Northeast, Lake, and Central States, with 36 percent of the commercial forest land, support about 13 percent of the Nation's sawtimber supply and 22 percent of the growing stock, chiefly in hardwood species.

Prospective timber demands and cut increasing

Potential demands for timber products by the year 1975 have been estimated by the Forest Service to require at least 12.4 billion cubic feet of growing stock and 56 billion board-feet of sawtimber—or an increase of 15 percent over the volume of timber cut in 1952. Included in this "lower level" estimate of potential demand is an 11-percent rise in the projected demand for lumber from 41.5 billion board-feet to 46 billion board-feet annually; some further displacement of lumber for technological reasons and increasing supply problems with consequent higher price levels are assumed in this estimate. The anticipated demands also include a 58-percent increase in the demand for pulpwood from 35.4 million cords in 1952 to 56 million cords in 1975; a 25-percent increase in demand for all industrial wood products combined; and a 25-percent decline in the use of fuelwood. These estimates of potential demand are based upon assumptions of a continued rapid increase in population to a total of 210 million persons by 1975 and a gross national product of more than $600 billion in 1975.

If industrial wood, i. e., all products except fuelwood, were to hold its place in the mix of raw materials used by the United States economy, potential demands for wood by the year 1975 might total 14 billion

cubic feet of growing stock and 65 billion board-feet of sawtimber. This "upper level" estimate of potential demand would represent a 30-percent increase over timber cut in 1952.

Anticipated growth in 1975 adequate for lower projection but not upper

A projection of timber growth based upon the assumption (1) that future timber cutting will steadily increase to the levels of potential demands estimated as above for 1975, and (2) that progress in forestry will continue according to recent trends, indicates that the lower level estimates of potential timber demands might be reasonably well met for some time. In terms of cubic feet, the projected growth of softwoods in 1975 slightly exceeds potential demands. Projected growth of hardwoods in 1975 is more than double the potential demand. With the upper level of potential demand, however, projected timber growth in 1975 falls considerably short of meeting timber needs.

The prospective supply situation is not as favorable, moreover, in terms of sawtimber. Projected growth in board-feet in 1975 fails to meet even the lower level of estimated potential demands in the case of both eastern and western softwoods. On the other hand, a substantial surplus of eastern hardwood sawtimber growth is in prospect.

In brief, these projections indicate that if forestry progress continues as indicated by recent trends, available timber supplies over the next couple of decades, including both standing timber and new growth of timber, could sustain a sizable expansion of the cut of pulpwood, plus a limited increase in the cut of lumber and other industrial wood products. Even with the lower estimate of potential demands, however, supply problems are expected to increase by 1975, especially in the case of products such as lumber which generally require high-quality timber or preferred softwood species. Over a longer period supply problems may become more serious.

Outlook for the year 2000 not favorable with present forestry efforts

By the year 2000, assuming a rising cut equal to potential demands and continuation of present trends in forestry, potential demands for timber products considerably exceed the levels of growth that are in prospect. There is enough timber now standing, coupled with growth resulting from continued progress in forestry, to meet potential demands until the end of the century. But both growth and inventories could be expected to decrease to a serious degree with such increased levels of cut unless forestry efforts are materially expanded.

The need for more effective fire control, improved cutting practices, and other forestry programs is especially urgent on the holdings of farmers and other nonindustrial owners of forest land. Such ownerships account for 60 percent of the commercial forest land in this country, or more than twice the area in public holdings (27 percent) and more than 4 times the area owned by forest industries (13 percent). Most of these farm and other miscellaneous private forests are in small ownerships, with an average area of only 66 acres of commercial forest land. The productivity of cutover lands in these holdings is far below that on industrial and public lands. Because of poor condition and lack of management these lands are producing only a fraction of their potential yield. Yet in recent years these lands have been supplying most of the pulpwood cut in this country and a major part of the lumber cut.

The best possibilities for raising growth and adding to future timber supplies includes (*a*) reducing nonsalvaged mortality losses, which now amount to about 10 billion board-feet annually, through more intensive protection against fire, insects, and diseases, and intensified management, (*b*) capturing most of the growth potential of the 50 million plantable acres, estimated at 8 billion board-feet annually, (*c*) improving stocking on the one-fourth of the commercial forest land which is medium or poorly stocked, and (*d*) obtaining prompt and adequate restocking on cutover areas to maintain their productivity.

Competitive factors other than timber supply also affect newsprint expansion

In addition to the general availability of timber supplies to all the forest industries, availability of wood for newsprint also depends upon the industry's bargaining power in competition with other users of wood. In the past the pulp and paper industry has been highly successful in obtaining its wood supplies. Some of the raw material used for pulp has been obtained by utilizing species, grades, and sizes of timber of little or no value for lumber. An increasing amount has been obtained in direct competition with the lumber industry.

Pulpwood industry a major competitor for timber

The cut of pulpwood in 1955 amounted to 30 million cords (2.3 billion cubic feet), or 17 percent of the total timber cut. Lumber is still by far the dominant forest product in the United States, accounting for two-thirds of the total timber output in 1955. There are large differences in the relative proportions of saw logs and pulpwood cut by regions, however. Thus in the South the volume of saw logs cut in 1955 was only twice as great as the volume of pulpwood, while in the West the cut was about eight times greater than the cut of pulpwood.

Not included in the domestic cut are sizable volumes of wood products imported from Canada. Thus, in recent years the United States has imported the equivalent of approximately 11 million cords of pulpwood annually, including about 2 million cords of pulpwood, the equivalent of 6 million cords imported in the form of newsprint, and the equivalent of 3 million cords imported in the form of wood pulp. In 1955 these imports represented 27 percent of the total wood required for pulp, paper, and board consumed in the United States.

Increasing areas controlled by the pulp and paper industry

The pulp and paper industry in 1952 held title to 23 million acres of forest land, in addition to leases or cutting rights on several million acres. It is estimated that pulp and paper company ownerships might supply under management more than half of the wood requirements of the industry. However, the pulp industry has been obtaining only about 20 percent of its wood supply from these company holdings in order to build up timber volumes on company holdings and thus insure a relatively high degree of self-sufficiency in timber supplies. The industry has followed an aggressive policy of land acquisition and although land purchase has become increasingly difficult and expensive, further increases in such industrial holdings are to be expected.

Pulp industry able to use low-quality timber

The ability of the pulp and paper industry to use timber that is too small or too low grade for lumber, or other products requiring

quality material, also tends to guarantee continued availability of pulpwood supplies. The decline in timber size and quality is therefore likely to be felt primarily by the lumber industry, or other industries requiring higher quality timber.

For many years the quality of timber resources have been declining, with direct impacts on lumber output and production costs of the lumber industry. In the State of Georgia, for example, the forest survey found that in the period 1935–52 the number of pine trees over 12 inches in diameter dropped 32 percent, while pine trees 12 inches and less in diameter increased 44 percent.

If the density of timber stands is increased through better cutting practices and more intensive protection, the pulp industry could also look forward to an increasingly supply of thinnings, as well as small trees and low-quality material.

Large volumes of residues suitable for pulpwood

The use of logging and plant residues for pulp has been expanding rapidly in recent years and additional production from such material is possible. In 1952 the pulp industry in the South obtained about 2 million cords—or 15 percent of its total pulpwood supply—from sources other than growing stock. These included mainly tops and cull logs from sawlog operations, cull trees, and a small volume of sawmill slabs and edgings. Additional unused logging residues included about 3.5 million cords of pine and 5.5 million cords of hardwoods. Unused residues at southern sawmills included about 2.5 million cords of pine and 1.2 million cords of hardwoods.

In the past few years more than 40 log barkers and chippers have been installed in southern sawmills to utilize pine slabs and edgings for pulp chips. While there are practical limits to the amount of pulpwood that can be obtained economically from the thousands of small sawmills in the region and from typically scattered logging operations, further increases in the use of pine residues for pulp can be expected. Such material is suitable for newsprint, as well as other types of paper and board.

In the Pacific Northwest, where about 15 percent of the Nation's pulp capacity is located, cull logs and plant residues have already become a primary source of pulpwood. In 1952 residues from sawmills and veneer mills used for pulp aggregated 1.2 million cords, or 30 percent of the wood supply of the industry in that region. Unused plant residues suitable for pulping amounted to 3.8 million cords in the West, including 1.5 million cords in the Pacific Northwest where the western pulp industry is concentrated. Additional unused logging residues totaled 5.5 million cords, including 3 million cords in the Pacific Northwest.

With closer utilization on logging operations and further chipping of plant residues, a considerable expansion of the pulp industry in the West could be based on material now wasted. A significant part of the unused residues might be used for newsprint along with Kraft and other grades of paper.

New techniques favor use of hardwoods

In recent years pulping processes have been developed that permit greatly increased use of hardwoods for newsprint as well as other grades of paper and board. Semichemical processes, employing a mixture of chemical and mechanical treatment, yield some hardwood

pulps having strength properties approaching those of softwood pulps. Tests at the Forest Products Laboratory, for example, show that hardwood semichemical and ground woodpulps can successfully make up as much as 80 percent of the total fiber content of newsprint.

The Great Northern Paper Co. in Maine has constructed a large mill to produce chemi-ground woodpulp from aspen and northern hardwoods for newsprint. This process likewise promises to substantially enlarge the resource base of the domestic newsprint industry.

Increased use of hardwoods in lieu of softwoods is favored by higher yields, lower wood costs per ton of fiber, and in many areas the increasing difficulty of obtaining sufficient supplies of suitable softwoods. For such reasons many pulp mills in the North have already shifted from use of softwoods to hardwoods for various grades of paper. With the increasing relative cost of softwood pulp and rapidly expanding markets for pulp and paper, there are greater incentives to utilize these new hardwood pulping processes. Use of hardwood pulps for newsprint presents various production problems that can only be solved by large-scale trials on commercial paper-machines.

Expansion of pulp and paper production possible under certain conditions

A substantial part of the prospective increase in pulp and paper requirements in the United States probably will be met by further expansion of the industry in the South. Since 1935 pulpwood production is the South has risen from 1.4 to 18 million cords, or 60 percent of the pulpwood cut in the United States. Included in the 67 pulp plants in the South are 3 newsprint mills with a third of the Nation's capacity. An additional newsprint mill is under construction and there are rumors of further expansion.

Rapid growth of the industry in the South has resulted from various favorable factors such as good location with respect to the Nation's principal markets, availability of supplies of relatively low cost southern pine pulpwood, reasonable security of future raw material supply based on rapid tree growth, year-long woods work and comparatively easy logging conditions, ample supplies of labor, availability of water, chemicals, and power, and excellent transportation facilities.

Future expansion of the pulp and paper industry in the South might be supported by greater use of hardwoods, by increased use of plant and logging residues, and by raising the level of timber growth on all classes of forest ownership. To an increasing degree pulp mills and sawmills have been competing for the same stands of timber. If prospective needs of all the forest industries for raw material are to be met a considerable expansion of forestry efforts must be achieved.

The pulp and paper industry in the Northeast and Lake States consumes about one-fourth of the pulpwood used in the United States—4 mills in the Northeast producing approximately 40 percent of the limited domestic production of newsprint. In these regions the pulp and paper industry has been faced with diminishing supplies and increasing costs of the preferred softwood species such as spruce and fir. Expansion of output by newsprint and other pulp and paper mills in the Northeast and Lake States consequently will require greater use of hardwoods and accelerated efforts to increase growth of the preferred softwoods.

Pulp mills in the Western States use close to one-fourth of the pulpwood required by the United States pulp and paper industry. Five mills account for about one-fourth of the domestic newsprint capacity. There are opportunities for additional production of pulp and paper on the west coast through greater use of logging and plant residue. Certain areas in the Rocky Mountain region also contain supplies of timber suitable for pulping that could be used for newsprint or other types of paper and board. The timber resources of coastal Alaska, consisting largely of hemlock and spruce, are also highly suitable for the manufacture of newsprint. One plant is now producing dissolving pulp in this area and 2 additional plants have been allotted timber from the Tongass National Forest, 1 to support a 500-ton newsprint mill. Some additional pulping capacity could be supported by the timber resources of this region.

Newsprint production concentrated in Canada

Whether newsprint shares in the anticipated expansion of the United States pulp and paper industry depends in part upon the availability of timber resources such as described above, and in part on prospective competition from Canadian mills. In the past the United States pulp and paper industry has found it more profitable to concentrate on production of Kraft and other types of paper and board rather than newsprint.

Concentration of the newsprint industry in Canada has resulted from a combination of competitive factors, including the availability in Canada of large supplies of the light-colored long-fiber softwoods traditionally favored for newsprint, low-cost water transportation, ample supplies of pure water, low costs of hydroelectric power, nearness to markets in the United States, and the duty-free status for newsprint.

Since 1949 capacity of the newsprint industry in the United States has been expanded from 0.9 million tons to about 1.5 million tons and projected expansion will raise capacity to about 1.9 million tons by 1958. On the basis of the outlook for future supply trends in the United States and in Canada, and competitive conditions in the forest industries, further increases in production of newsprint are anticipated in the United States, but with the major portion of newsprint supplies still being obtained from Canada.

Summary

With present trends in forestry, existing supplies of standing timber in the United States plus prospective growth appear adequate to supply increased demands for pulp and paper as well as modest increases in demand for other forest products over the next few decades. At the same time, tighter supplies of quality timber and consequent increases in prices for such material also are to be expected. By the year 2,000, if population and industrial output in the United States continue to increase as now seems probable, the timber needs of all the forest industries could be met only through a large-scale expansion of forestry measures and more effective use of all commercial forest lands.

Certain opportunities for expansion of pulp and paper production, including newsprint, are available in most forest regions. In coastal Alaska and the Rocky Mountain area there are supplies of old-growth timber and on the west coast sizable volumes of logging and plant

residues suitable for pulp and paper. In the East pulping of hardwoods by new semichemical processes could greatly expand the raw-material base of the pulp and paper industry. In all forest regions, however, intensified forestry programs will be needed if the expanding needs of all the forest industries are to be met.

Because of the competitive strength of the pulp and paper industry, production of pulpwood probably can be expanded even at the expense of other wood-using industries. Pulp mills can use low-grade timber, thinnings and plant residues and can compete for small timber before it reaches an economic size for lumber. Since pulp mills thus enjoy a relatively high degree of security in raw material supplies, it seems likely that the main impacts of timber shortages fall upon industries producing lumber or other products requiring higher quality timber.

Expansion of domestic newsprint production depends upon competitive factors within the North American pulp and paper industry, as well as upon timber supply factors. These include the relative profitability of producing various grades of paper and board in the United States and the ability of Canadian producers to produce and export larger quantities of newsprint to this country. Based on timber supply conditions and competitive trends in the industry, some increase in the newsprint production in the United States is anticipated over the next couple of decades, along with a major expansion of other branches of the United States pulp and paper industry.

Canada—Newsprint

CAPACITY

From 1950 to 1954, Canadian newsprint capacity increased from 5,227,000 tons to 5,920,000 tons, an annual average increase of about 175,000 tons. During this period, only one completely new newsprint mill was built in Canada. This was the Elks Falls Co., Ltd., at Campbell River, Vancouver Island, British Columbia, with a rated annual capacity of 100,000 tons, which started production in the last half of 1952. All other capacity increases have been brought about at existing mills through addition of new machines or rebuilding and speeding up of older machines. Over a period of recent years Canadian increases in capacity solely through speedup improvements or additions to existing mills have averaged about 150,000 tons annually.

Canadian newsprint capacity is rated on a 6-day-week basis. Only during emergency periods has the majority of mills been authorized to operate on Sundays. Provided approval could be obtained for Sunday operation, Canadian mills could increase output substantially, assuming adequate pulpwood supplies could be made available. In the United States, during periods of strong demand, it is customary for newsprint mills to run a full 7-day week, except for short shutdown periods for machinery overhauling.

Prior to 1947, Canadian newsprint mills operated below capacity levels, since world demand did not call for maximum production. In fact, for a number of years the Canadian newsprint mill operating ratios were at relatively low points. For example, in 1945 the ratio was 76.9 percent of capacity; in 1939 it was 68.5 percent; in 1931 it was down to 61.0 percent. From 1947 to 1954, however, operating ratios ranged from a low of 100.0 percent in 1953, to as high as 103.2

percent in 1952. During the first 10 months of 1955 the ratio averaged 101.4 percent. It is evident, therefore, that Canadian mills have been striving to meet recent domestic and world demands.

Canadian newsprint capacity for 1955, as reported by the Newsprint Association of Canada, was 6,065,000 tons on the basis of 310 days' operation. Actual production for 1955 is estimated by the association at 6,180,000 tons. This would show an operating ratio for the year of about 101.5 percent of capacity.

Expected capacity increases for 1956 through 1958 are difficult to estimate precisely because of many factors, such as delays in construction, delivery of machinery, or revisions in announced plans of individual companies. However, the following capacity estimates have been made by the Newsprint Association of Canada:

Canadian newsprint capacity, 1955 and estimates for 1956, 1957, 1958, basis 310-day operations

[Thousands of short tons]

	1955	1956	1957	1958
Additions and improvements [1]		155	355	335
Total average annual capacity	6,065	6,220	6,575	6,910

[1] New newsprint machines: Elk Falls Co., Ltd., by mid-1957; Great Lakes Paper Co., Ltd., by end of 1957; Ontario-Minnesota Paper Co., Ltd., by end of 1956; Powell River Co., Ltd., by late 1956; MacMillan and Bloedel, two machines, first one latter half of 1957, second by end of 1958. Speedups and improvements: Abitibi Power & Paper Co.; Bowaters Newfoundland Pulp & Paper Mills, Ltd.; Consolidated Paper Corp.; St. Lawrence Corp.

Source: Newsprint Data, 1955, Newsprint Association of Canada.

Canadian newsprint capacity and production, 1947–58

[Thousands of short tons]

Year	Capacity	Production	Year	Capacity	Production
1947	4,729	4,820	1953	5,723	5,721
1948	4,883	4,983	1954	5,920	5,984
1949	5,113	5,176	Estimated, 1955	6,065	6,180
1950	5,227	5,279	Estimated, 1956	6,220	6,400
1951	5,360	5,516	Estimated, 1957	6,575	6,580
1952	5,510	5,687	Estimated, 1958	6,910	6,910

Source: Newsprint Data, 1955, Newsprint Association of Canada, production estimates for 1957 and 1958 by Forest Products Division.

PRODUCTION

In 1925, Canada and the United States each produced approximately 1,550,000 tons of newsprint. For a previous decade or so, the United States was the world's largest producer. From 1926 to the present time, however, Canada has not only ranked as the No. 1 producing country of the world, but has increased production steadily, largely for export. In 1930, Canada produced 2,785,000 tons and accounted for 40 percent of world production, while by 1954 it accounted for 51 percent of total world output with 5,984,000 tons.

Complete statistics are not available covering world production of newsprint by countries for early years. The following summary tabulation discloses the position of Canada (including Newfoundland) compared with other leading producing countries for selected years starting with 1930:

World production of newsprint

[In thousands of short tons]

Country	1930	1939	1950	1954	Country	1930	1939	1950	1954
Canada [1]	2,785	3,177	5,279	5,984	Norway	202	226	178	183
United States	1,226	939	1,015	1,211	France	240	343	327	422
United Kingdom	608	848	609	681	All other	755	1,020	1,209	1,994
Finland	223	519	454	500					
Germany [2]	590	415	307	361	Total world	6,869	7,792	9,736	11,709
Sweden	240	305	358	373					

[1] Includes Newfoundland.
[2] Includes estimate for Eastern Germany.

Source: Newsprint Service Bureau Reports.

The long-term trend in the growth of Canadian newsprint output continued through 1954 and the first 10 months of 1955. From 1950 to 1954 the average annual increase has been about 175,000 tons a year. For 1955, estimated Canadian production will be about 6,180,000 tons, an increase of about 200,000 tons over 1954, according to the Newsprint Association of Canada.

The association also has estimated production for 1956 at 6,400,000 tons. Based upon full capacity operations, potential Canadian production for 1957 may be estimated at about 6,580,000 tons, and for 1958 at 6,910,000 tons.

EXPORTS

Canadian exports of newsprint to world markets have closely paralleled the upward trend in Canadian production. For many years, exports represented about 94 percent of production; but as Canadian consumption has increased, exports more recently have been about 93 percent of output.

In 1939, Canadian exports of newsprint totaled 2,934,000 tons, increasing to 5,550,000 tons in 1954. Based upon estimates of the Newsprint Association of Canada, 1955 exports will exceed 1954 by about 230,000 tons.

Canada's major market has always been the United States. In 1939, the United States took 78 percent of the total exports; in 1946, 84 percent. In 1950, the percentage rose to a high of 97 percent, partly because of a strong United States demand, especially in the last half of the year, and partly because of exchange and other import restrictions in many foreign markets. In 1954, the United States accounted for 87 percent of Canadian exports.

While Canadian newsprint exports to the United States increased each year from 1950 to 1954, rising from 4,748,000 tons to 4,875,000 tons, or an increase of 127,000 tons, exports to other foreign markets showed a much larger growth. In 1950, exports to overseas markets were 208,000 tons but reached 675,000 tons in 1954, a gain of 467,000 tons. Substantially improved economic conditions in many foreign countries not alone created a stronger demand for newsprint, but also allowed for easing of import restrictions. The Newsprint Association of Canada estimates exports to the United States in 1955 at about 5,025,000 tons, or around 150,000 tons over 1954; to overseas markets, about 725,000 tons, a gain of some 50,000 tons. The association has estimated exports for 1956 to the United States at 5,200,000 tons, and

to other foreign markets at 750,000 tons. The Forest Products Division estimates total Canadian exports in 1957 at 6,110,000 tons; and in 1958 at 6,430,000 tons.

Canada exports newsprint to a large number of countries. The major markets other than the United States are the British Isles, taking 273,000 tons in 1954; Central America and the Caribbean, taking 132,000 tons. Other geographic areas account for 10,000 to 80,000 tons each.

CONSUMPTION

Actual data on consumption of newsprint in Canada are not available, and figures on domestic shipments by mills must be used instead since imports are nil. It is believed that year to year changes in inventories of Canadian newspaper publishers or other printers using newsprint are not significant.

As in many other countries, rapid advances in the Canadian economy in recent years, with resultant increases in national and per capita income, together with a growing population, have been accompanied by a marked growth in domestic newsprint consumption. In fact, Canada is now one of the more important newsprint-consuming countries of the world, coming close to France and Germany.

Prewar Canadian consumption totaled about 190,000 tons a year, equal to 34 pounds per capita. In 1946, consumption was 248,000 tons, or 39 pounds per capita. By 1950 it had increased to 355,000 tons or 52 pounds per capita, however; and by 1954 to 420,000 tons, about 55 pounds per capita. The Newsprint Association of Canada has estimated Canadian consumption at about 430,000 tons in 1955, and 450,000 tons in 1956. The Forest Products Division estimates Canadian consumption in 1957 at 470,000 tons, and in 1958 at 480,000 tons.

Canadian newsprint production, exports and domestic shipments, 1946–58

[Thousands of short tons]

Year	Production	Exports to—		Domestic shipments	Total shipments
		United States	Overseas		
1946	4,506	3,563	685	248	4,496
1947	4,820	3,897	701	275	4,873
1948	4,983	4,128	533	306	4,967
1949	5,176	4,380	449	335	5,164
1950	5,279	4,748	208	355	5,311
1951	5,516	4,784	360	360	5,504
1952	5,687	4,835	463	369	5,667
1953	5,721	4,861	473	398	5,732
1954	5,984	4,875	674	421	5,970
Estimated:					
1955	6,180	5,025	725	430	6,180
1956	6,400	5,200	750	450	6,400
1957	6,580	6,110		470	6,580
1958	6,910	6,430		480	6,910

Source: Newsprint Association of Canada, including estimates for 1955 and 1956 from Newsprint Data 1955.
Estimates for 1957 and 1958 by Forest Products Division.

Canadian exports of newsprint, 1953–54

[Thousands of short tons]

Destination	1953	1954	Destination	1953	1954
United States	4,861	4,875	India and Middle East	10	18
Central American and Caribbean	128	132	Orient	35	34
South America	30	54	Australia and New Zealand	48	77
British Isles	190	273	Others	(1)	(1)
Other European and Balkan	3	46			
Mediterranean and Near East	(1)	10	Total	5,333	5,549
Africa	28	30			

[1] Less than 1,000 short tons.

Source: Newsprint Service Bureau.

World Production and Demand—Newsprint

World production of newsprint rose from 9,736,000 tons in 1950 to 11,709,000 tons in 1954, an increase of nearly 2 million tons; 900,000 tons of the increase was in North America and 1,100,000 tons in the rest of the world with Western Europe newsprint production rising 275,000 tons, Asia 400,000 tons, Russia and her satellites an estimated 200,000 tons, and the balance in Northern Europe and the United Kingdom. (World newsprint consumption for 1950–54 has been considered the same as production since inventory data are not available for countries other than the United States.)

It is estimated that world newsprint production will reach 14,660,000 tons by 1958, an increase of 2,160,000 tons over 1955 levels, with North American production accounting for 1,130,000 tons and production in the balance of the world increasing 1 million tons.

The demand for newsprint in the world outside of North America is expected to approach its prewar portion of total world consumption by 1958. In 1939 the United States and Canada accounted for 46 percent and the rest of the world took 54 percent of the total world supply of newsprint. In 1954, however, the percentage had reversed, with the United States and Canada taking 55 percent of world supply and 45 percent going to all other countries.

With continuing improvement in the economy of Western Europe, the decontrol of newsprint in the United Kingdom, and increased economic activity in Latin America and Asia, the demand for newsprint is increasing and will undoubtedly continue to do so for some time. The estimates used in this report for world consumption show that by 1958 United States and Canadian requirements for newsprint will represent about 50 percent of total world requirements and 50 percent will be required for the balance of the world.

Many factors can affect the achievement of consumption requirements. It should be realized that the data included in this report on newsprint production and consumption levels for countries outside of North America are only estimates and actual results could be at considerable variance with those presented here. It is felt that consumption estimates as used here are somewhat conservative and a more rapid rise in newsprint demand is possible.

As shown in the table "Estimated World Newsprint Production, Imports, Exports, and Consumption by Major Geographical Areas, 1955–58," there is an apparent world shortage of newsprint in 1958 of 110,000 tons. Any upward shift in newsprint demands will increase this deficit. Further, failure to achieve the estimated production levels would also aggravate the imbalance.

World newsprint production, imports, exports, and consumption by major geographical areas, 1950–54

[Thousands's of tons]

Area	Actual				
	1950	1951	1952	1953	1954
World total:					
Production	9,736	10,252	10,612	10,931	11,709
Consumption	9,736	10,252	10,612	10,931	11,709
Indicated deficit or surplus					
United States:					
Production	1,015	1,125	1,147	1,084	1,211
Imports	4,891	4,977	5,037	5,080	4,996
Exports	44	71	105	47	140
Consumption	5,862	6,031	6,079	6,117	6,067
Net import requirements	4,847	4,906	4,932	5,033	4,856
Canada:					
Production	5,279	5,516	5,687	5,721	5,984
Imports					
Exports	4,938	5,112	5,327	5,375	5,522
Consumption	341	404	360	346	462
Net export availability	4,938	5,112	5,327	5,375	5,522
World other than United States and Canada:					
Production	3,442	3,611	3,778	4,126	4,514
Imports	1,130	1,219	1,401	1,423	1,793
Exports	1,039	1,013	1,006	1,081	1,127
Consumption	3,533	3,817	4,173	4,468	5,180
Net import requirements	91	206	395	342	666
Northern Europe:					
Production	990	1,006	1,016	1,043	1,057
Imports					
Exports	797	793	809	816	785
Consumption	193	213	207	227	272
Net export availability	797	793	809	816	785
United Kingdom:					
Production	609	590	601	676	681
Imports	186	214	300	251	368
Exports	114	107	83	140	143
Consumption	681	697	818	787	906
Net import requirements	72	107	217	111	225
Western Europe:					
Production	927	983	1,003	1,061	1,201
Imports	197	215	282	330	438
Exports	113	93	108	113	164
Consumption	1,011	1,105	1,177	1,278	1,475
Net import requirements	84	122	174	217	274
Latin America:					
Production	43	52	67	53	42
Imports	374	378	414	359	420
Exports					
Consumption	417	430	481	412	462
Net import requirements	374	378	414	359	420
Africa:					
Production					
Imports	55	57	97	80	104
Exports					
Consumption	55	57	97	80	104
Net import requirements	55	57	97	80	104
Asia:					
Production	173	247	334	489	595
Imports	127	153	129	182	201
Exports	7	14	2	5	13
Consumption	293	386	461	666	783
Net import requirements	120	139	127	177	188
Oceania:					
Production	35	35	36	50	78
Imports	190	200	178	209	244
Exports					
Consumption	225	235	214	259	322
Net import requirements	190	200	178	209	244
U. S. S. R. and satellites:					
Production	665	698	721	754	860
Imports	1	2	1	12	18
Exports	8	6	4	7	22
Consumption	658	694	718	759	856
Available for export	7	4	3	−5	4

Explanatory notes: Data for 1950–54 are actual data published in annual reports, "World Production and Distribution of Newsprint Data," by the Newsprint Service Bureau and based upon world statistical surveys conducted by the U. S. Department of Commerce. Producing country export data, by country of destination, have been utilized to represent the imports of consuming countries, so as to achieve a yearly statistical balance between world exports and imports.

Since inventory data for most countries are not available, to achieve a world balance from 1950 to 1954 between world production and consumption, inventory changes have not been included. For apparent total United States newsprint consumption, including inventory changes, see table on p. 22.

Estimated world newsprint production, imports, exports, and consumption by major geographical areas, 1955–58

[Thousands of tons]

Area	Estimated			
	1955	1956	1957	1958
World total:				
Production	12,500	13,240	13,890	14,660
Consumption	12,645	13,280	13,990	14,770
Indicated deficit or surplus	−145	−40	−100	−110
United States:				
Production	1,500	1,630	1,750	1,900
Imports	5,175	5,390	5,280	5,290
Exports	200	220	230	240
Consumption	[1] 6,575	[2] 6,800	6,800	6,950
Net import requirements	5,075	5,170	5,050	5,050
Canada:				
Production	6,180	6,400	6,580	6,910
Imports				
Exports	5,750	5,950	6,110	6,430
Consumption	430	450	470	480
Net export availability	5,750	5,950	6,110	6,430
World other than United States and Canada:				
Production	4,820	5,210	5,560	5,850
Imports	2,050	2,170	2,680	3,120
Exports	1,230	1,350	1,520	1,630
Consumption	5,640	6,030	6,720	7,340
Net import requirements	820	820	1,160	1,490
Northern Europe:				
Production	1,140	1,250	1,380	1,480
Imports				
Exports	860	960	1,080	1,170
Consumption	280	290	300	310
Net export availability	860	960	1,080	1,170
United Kingdom:				
Production	680	710	740	800
Imports	500	550	750	900
Exports	180	160	190	200
Consumption	1,000	1,100	1,300	1,500
Net import requirements	320	390	560	700
Western Europe:				
Production	1,320	1,390	1,470	1,500
Imports	480	520	670	840
Exports	140	140	140	140
Consumption	1,660	1,770	2,000	2,200
Net import requirements	340	380	530	700
Latin America:				
Production	70	80	90	100
Imports	440	470	560	600
Exports				
Consumption	510	550	650	700
Net import requirements	440	470	560	600
Africa:				
Production				
Imports	120	140	160	170
Exports				
Consumption	120	140	160	170
Net import requirements	120	140	160	170
Asia:				
Production	620	700	750	800
Imports	240	220	280	340
Exports	20	20	30	40
Consumption	840	900	1,000	1,100
Net import requirements	220	200	250	300
Oceania:				
Production	90	140	170	170
Imports	250	250	240	250
Exports		40	50	50
Consumption	340	350	360	370
Net import requirements	250	210	190	200
U. S. S. R. and satellites:				
Production	900	940	960	1,000
Imports	20	20	20	20
Exports	30	30	30	30
Consumption	890	930	950	990
Available for export	10	10	10	10

[1] Includes 100,000 tons withdrawn from inventory.
[2] Includes 100,000 tons for rebuilding inventory.

EXPLANATION NOTES

Estimates of geographical area production, consumption, exports, and imports of the major producing and consuming countries of the world (except the United States and Canada) were based in part upon information and data supplied by United States Foreign Service posts.

Production estimates were based upon reported new capacity expected to come into production in the period 1955–58 plus adjustment for additional output through speedups in existing newsprint machines.

Exports were estimated on the basis of production levels related to consumption trends.

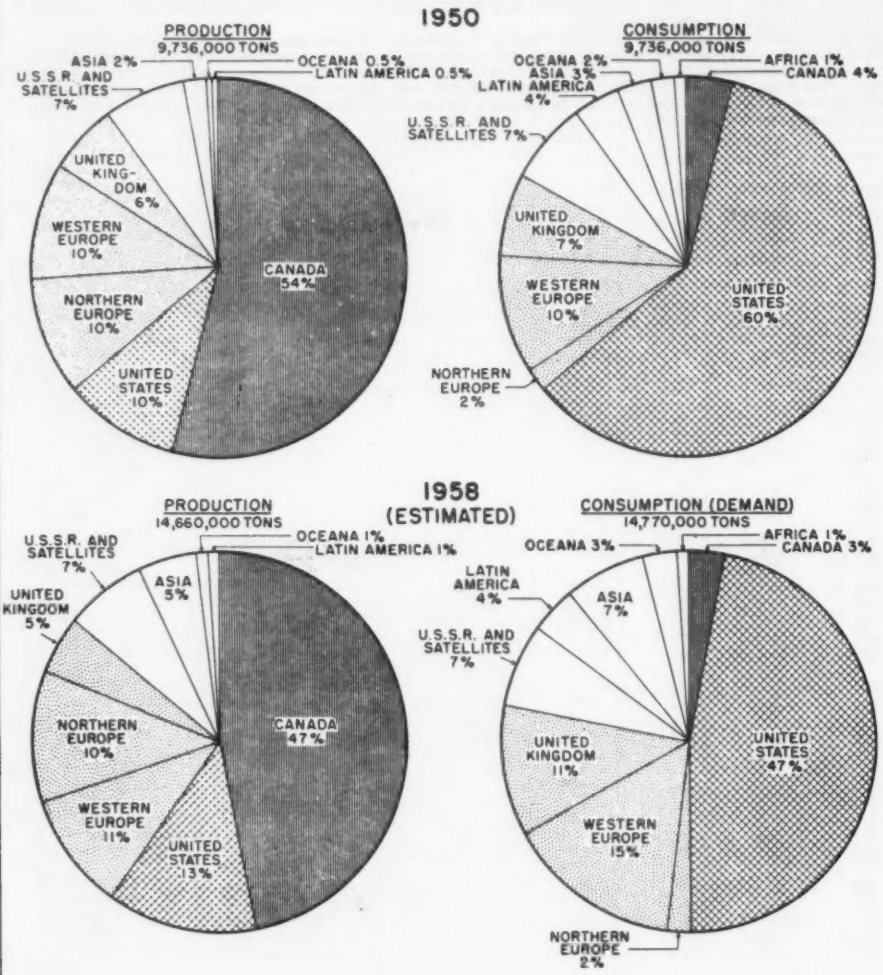
Consumption data for 1955 and 1956 represent estimates of consumption based on availability of supplies for these years. Consumption data for 1957 and 1958 are, however, requirements or effective demands on the assumption that supplies to support these consumption levels will be available

The consumption estimates for 1957 and 1958 by geographic regions (other than the United States) were made on the basis of recent (1950–55) growth trends in newsprint consumption and economic activities and estimates of future newsprint requirements, as published in United Nations and Food and Agriculture Organization publications among others.

Import requirement estimates were also made on the assumption that supplies would be available.

The import-export statistics shown for the geographical areas represent the cumulative total of all imports and exports of each individual country in the area regardless of source or destination within or without the area. However, the net import requirement or the net export availability of each geographical area represents the difference between production and consumption, as well as the difference between total imports and total exports.

PERCENTAGE DISTRIBUTION OF WORLD PRODUCTION AND CONSUMPTION OF NEWSPRINT, 1950 AND ESTIMATED 1958



FOREST PRODUCTS DIV., BDSA, U.S. DEPT. OF COMMERCE 55-69-A

Northern Europe—Newsprint

1950–54

Finland, Norway, and Sweden contribute a substantial tonnage to the world supply of newsprint. Production has increased from 990,000 tons in 1950 to 1,057,000 tons in 1954, making the annual average for the period 1,022,000 short tons. Consumption increase has remained fairly constant with the production rate of increase throughout the 1950–54 period, and approximately 80 percent of the newsprint produced in the 3 countries is available for export. Consumption rose from 193,000 tons in 1950 to 272,000 tons in 1954. Approximately 800,000 tons of newsprint have been exported each year, 20 percent to the United States.

1955–58

Northern Europe

[Thousands of tons]

	1955	1956	1957	1958
Production	1,140	1,250	1,380	1,480
Consumption	280	290	300	310
Export availability	860	960	1,080	1,170

Based on Foreign Service reports of estimates which incorporate expansion plans for newsprint production, production will increase 340,000 tons from 1955 to 1958. Supply requirements (consumption) during the same period will increase 30,000 tons. Newsprint available for export will increase from an annual average of 800,000 tons for the 1950–54 period to 1,170,000 tons by 1958.

Expansion

Finland.—A new machine was installed by United Paper Mills, at Karpola in 1954. Installation of another machine is to be completed in 1956, part of which will be used for other grades of paper.

An 88,000-ton capacity machine was installed in 1955 by Enso-Gutzeit at St. Sums. Modernizing of machinery in present mills will increase production 5,000–10,000 tons annually for the next 4 or 5 years.

Norway.—Production is anticipated to increase from 182,000 tons in 1954 to 200,000 tons in 1958 by modernization of present facilities.

Sweden.—Expansion at Stora Kopperberg Mill, at Kcarnsveden, Holmens Brud, at Hollstavick, and Swedish Cellulose Co., at Su Dsvall will increase total production by 140,000 tons during the 1955–58 period.

United Kingdom—Newsprint

1950–54

United Kingdom, although a sizable producer of newsprint, is not self-sufficient. Production rose from 609,000 tons in 1950 to 681,000 tons in 1954. Operation at capacity levels in 1953–54 was responsible for approximately a 70,000-ton increase over 1950–51 production.

Consumption levels have been under control through rationing since World War II. These levels have been dictated by the availability of imports from Canada and Northern Europe as well as the desire to continue exports of newsprint for exchange purposes. Consumption,

which was 680,000 tons in 1950, had risen to 906,000 tons in 1954, due to ability to obtain additional imports, primarily from Canada, and easing of the United Kingdom's exchange position. Imports consequently rose from 186,000 tons in 1950 to 368,000 tons in 1954. Exports rose only 30,000 over the same period.

1955–58

United Kingdom

[Thousands of tons]

	1955	1956	1957	1958
Production	680	710	740	800
Consumption	1,000	1,100	1,300	1,500
Exports	180	160	190	200
Imports	500	550	750	900
Net import requirement	320	390	560	700

Estimates of consumption demand for 1956–58 have been based on the expected increases following the decontrol of newsprint in March 1956. The precise demand is, of course, difficult to measure, but it is felt that the 1,500,000 tons estimated for 1958 is reasonable. Prewar consumption levels were slightly above 1,300,000 tons. It is believed that the long-range potential newsprint consumption by the United Kingdom is in excess of 2 million tons,[1] but the many economic factors involved in shifting from a rationed program to complete freedom will not allow this demand to be felt at once. However, our figures do bring United Kingdom consumption of newsprint back to prewar levels in the first year after control.

Any faster rise in demand than is shown here will further aggravate the world supply-demand balance, especially as both the United Kingdom and the United States obtain most of their newsprint from Canada.

Expansion

Reported production increases of 120,000 tons are to be realized by new machines installed by the Bowater Paper Corp. at the following mills: Lloyd Kemsley, early 1956; Mersey, May 1957; and Thames, May 1958. Capacities of these machines are not expected to be realized in the period under consideration.

Western Europe—Newsprint

1950–54

Production increased from 927,000 tons in 1950 to 1,201,000 tons in 1954.

Imports increased from 197,000 to 438,000 tons to meet increased requirements not available from increased production.

Annual increases in consumption for the period 1951–53 were at the moderate level of 100,000 tons, but the increase in 1954 was double that figure, reaching 200,000 tons.

[1] Sir Eric Bowater, head of the Bowater organization, which has mills in England, Newfoundland, and Tennessee, in a meeting of the board of directors of his company on March 18, 1954, predicted that the demand for newsprint in the United Kingdom could soon reach 2,240,000 short tons. This estimate, it is understood, was based on circulation increases and a return to the number of pages prevalent in prewar years.

If such levels of demand become effective, there is a further increase in United Kingdom newsprint requirements of about 700,000 tons above the levels used in this report. Such an additional demand would impose serious strain on North American supplies to the United States as well as the United Kingdom and the rest of the world.

Exports, primarily from Austria, increased from 113,000 tons in 1950 to 164,000 tons in 1954.

1955–58

Western Europe

[Thousands of tons]

	1955	1956	1957	1958
Production	1,320	1,390	1,470	1,500
Imports	480	520	670	840
Exports	140	140	140	140
Consumption	1,660	1,770	2,000	2,200
Net import requirement	340	380	530	700

Production is expected to increase 180,000 tons from 1955 to 1958. The increase will come from the installation of new machines in Italy, Greece, and Portugal, as well as modernization and speedups of existing facilities throughout Europe. Demand for newsprint in Western Europe is due to increase considerably in the near future. These countries have shown surprisingly rapid recovery from the effects of World War II, and all signs point to a more intensive economic activity in the near future.

The effect of this reactivated economy on demands for newsprint is difficult to measure. Estimates for newsprint for Western Europe in the next 3 years have been made so as to keep pace with the expected increase in overall activity. With Western Germany and Italy again a factor in the world economy, and the rest of Western Europe about to attain its full stride, demand for newsprint will increase rapidly. Our data show an increase of 540,000 tons from 1955 to 1958, or nearly a 33-percent rise. These estimates may well be on the conservative side. If such is the case, the precarious world supply-demand balance for newsprint would be further endangered. These figures represent demands for newsprint that will be consumed, provided adequate supplies are available. They do not represent unestimated "wants" or expected availability, but rather a realistic level of newsprint consumption in line with anticipated levels of economic activity.

Exports, primarily from Austria, are expected to remain constant, as internal demands will prohibit release of increased tonnages for world markets.

Latin America—Newsprint

1950–54

Production of newsprint has been 40,000 to 50,000 tons annually in Latin America since 1950. Imports average 389,000 tons in 1950–54, gradually increasing from 374,000 to 420,000 tons. Newsprint reportedly can be imported at lower cost than it can be produced in some parts of Latin America. Supply sources have shifted from the northern European countries of Finland, Norway, and Sweden to Canada and the United States, which now furnish over 60 percent of the imports.

Consumption rose from 417,000 tons in 1950 to 462,000 tons in 1954. This growth has been restricted to some extent by economic and political controls.

1955–58

Latin America

[Thousands of tons]

	1955	1956	1957	1958
Production	70	80	90	100
Imports	440	470	560	600
Consumption	510	550	650	700
Net import requirement	440	470	560	600

It is estimated that a gradual increase in production for 1955–58 will be realized, as present facilities are adequate from a capacity standpoint.

Increased imports are of necessity geared to projected requirements for the 1955–58 period. Production gains must materialize, or imports will have to be increased to provide the necessary tonnage for anticipated consumption.

Africa—Newsprint

1950–54

All newsprint requirements are imported. Imports have increased from 55,000 tons in 1950 to 104,000 tons in 1954.

1955–58

Africa

[Thousands of tons]

	1955	1956	1957	1958
Net import requirement	120	140	160	170

No facilities for newsprint production are expected to be built in the near future.

Increases in consumption and consequently in imports are based on the assumption that there will be a gradual increase in economic activity in this area.

Asia—Newsprint

1950–54

Production of newsprint in Asia rose from 173,000 tons in 1950 to 595,000 tons in 1954. Growth of the industry has been centered in Japan and China. Complete data for China are not available. Japanese production increased in 1954, despite a decrease in price which forced 12 marginal mills into some other activity. Japan is rated as self-sufficient. Other Asian countries are dependent on imports, which increased from 127,000 tons in 1950 to 201,000 tons in 1954. Exports are negligible.

1955–58

Asia

[Thousands of tons]

	1955	1956	1957	1958
Production	620	700	750	800
Imports	240	220	280	340
Exports	20	20	30	40
Consumption	840	900	1,000	1,100
Net import requirement	220	200	250	300

Production is expected to increase 180,000 tons by 1958, primarily in Japan. Imports will increase slightly, as will exports.

Expansion

Capacity and production increases in Japan will be realized in the period 1955–58 by the addition of new machines, modernization of existing facilities, and better utilization of equipment.

Consumption requirements have been estimated to increase about 31 percent by 1958, which calls for an additional 260,000 tons of newsprint. Taking an increasingly important position in world affairs, Asian countries will undoubtedly require larger amounts of newsprint. A number of countries, such as Pakistan and India, are building mills, which will decrease their dependence on foreign supplies, as well as alleviate their exchange problems.

With Japan, which is both the largest producer and consumer of newsprint among the Asian countries, being self-sufficient, and probably having small amounts available for export, import requirements will be centered in southeastern and middle eastern nations. Production expansion in these countries, while relatively small, will decrease considerably their dependence on outside sources. Together with expansion in Japan, they will increase production of newsprint about 180,000 tons by 1958, thus calling for an increase in net import requirements of only 80,000 tons. If, of course, such expansions do not materialize, additional demand will be imposed on world supply and, as in other areas mentioned in this report, further unbalance the world newsprint supply-demand position.

Oceania—Newsprint

1950–54

Australian production increased from 35,000 tons in 1950 to 78,000 tons in 1954. Imports for Australia, New Zealand, and Hawaii increased from 190,000 tons to 244,000 tons in the same period.

1955–58

Oceania

[Thousands of tons]

	1955	1956	1957	1958
Production	90	140	170	170
Imports	250	250	240	250
Exports		40	50	50
Consumption	340	350	360	370
Net import requirement	250	210	190	200

A new newsprint mill capable of producing 84,000 tons annually, in New Zealand, which came into production late in 1955, will materially reduce the future requirements for imported newsprint for Australia and New Zealand. It is expected to produce sufficient newsprint for New Zealand's needs as well as provide 40,000 to 50,000 tons for export to Australia.

While consumption requirements are expected to rise about 30,000 tons by 1958, imports should slowly decrease because of the increased local production.

Hawaii has been included in this area so as to complete the world picture. Its newsprint requirements traditionally come from the United States and will stay at relatively minor levels.

UNION OF SOVIET SOCIALIST REPUBLICS—NEWSPRINT

1950–54

Information available indicates that production increased from 665,000 tons in 1950 to 860,000 tons in 1954. Imports and exports are insignificant, indicating self-sufficiency. The extent of trade between countries cannot be determined.

1955–58

Union of Soviet Socialist Republics and satellites

[Thousands of tons]

	1955	1956	1957	1958
Production	900	940	960	1,000
Imports	20	20	20	20
Exports	30	30	30	30
Consumption	890	930	950	990
Net export availability	10	10	10	10

Because of the absence of reliable data, estimates of production and consumption have been made which provide for a 100,000-ton increase in both categories by 1958. A more active trade in newsprint with other countries might either add supplies to the world total or, on the other hand, increase world demand.

NEWSPRINT DISTRIBUTION

We have been asked to comment on evidence, if any, of gray markets, maldistribution, and sales of newsprint at higher prices than the established price.

Basically, newsprint in the United States is distributed by four different methods.

One method is direct shipment from newsprint manufacturers to consumers, usually publishers, under long-term contracts. This method accounts for the great majority of newsprint tonnage.

Another method of distribution is through established paper merchants, who in turn sell to consumers. The majority of small weekly papers secure their newsprint in this way. Although merchant tonnage is a small part of the overall tonnage, it, nevertheless, supplies a great many small users.

Brokerage houses are another channel of distribution. While sales are made by the brokers, the newsprint is shipped directly from the mill to the ultimate consumers.

Finally there is the sale of newsprint in rolls by manufacturers to commercial sheeters, who in turn sell to small consumers, such as weekly newspaper publishers.

During other periods of newsprint shortages, some evidence was discovered that a small amount of newsprint was being diverted into spot sales at prices above the current levels. The tonnage involved has usually been so small that there has been no noticeable overall effect upon newspaper publishing.

Paper merchants do not necessarily have contractual commitments with newsprint manufacturers. Nevertheless, they are on an allotment basis set up by the newsprint mills. We have no reason to believe at this time that paper merchants are not receiving their

equitable share of newsprint based on past allotments. Certain newsprint manufacturers, who also sheet newsprint, have reported that they plan to operate their sheeting departments at 100 percent of capacity, irrespective of their inability to deliver contract commitments.

By far the largest number of weekly newspaper publishers in the United States still use sheeted newsprint and print their newspapers on flatbed presses. Other small publishers, however, have installed press equipment using roll newsprint. To the best of our knowledge, there have been only a very few instances where newspaper publishers have not received enough newsprint to continue printing their newspapers. In each case it has been possible for the Department of Commerce, acting informally, to arrange with the supplier of the publisher to deliver a sufficient quantity of newsprint to continue publication of the newspaper.

We have been informed that many of the newspaper publishers State associations and also the American Newspaper Publishers Association have been actively helping to adjust newsprint shortages of individual papers by borrowing newsprint from one member publisher to supply another.

We have no reason to doubt that paper merchants and newsprint manufacturers will continue to distribute their newsprint equitably to their customers. We have been informed verbally by the Newsprint Association of Canada, the American Newspaper Publishers Association, newspaper publishers State associations, and some newsprint manufacturers, both in Canada and the United States, that they will attempt to correct any instance of maldistribution or severe shortages.

We believe this voluntary approach by both producing and consuming industries is highly desirable and for the time being precludes the necessity of formal Government action, even if such action were possible. The Department of Commerce expects to continue, unofficially and informally, to assist in this voluntary plan to whatever degree appears necessary.

Some newsprint, we understand, is being imported into the United States from foreign countries at a cost higher than that charged by regular North American producers. We also understand that some newsprint is being made by high-cost marginal mills in the United States which have recently returned to the production of newsprint. As frequently happens in a tight supply situation, mills which normally produce other grades and kinds of paper switch their machines to newsprint production when the price obtainable makes the change profitable. Such tonnage, however, is usually small. In some instances it is being sold to newspaper publishers to augment their regular supply.

Newspaper Publishing: Costs; Advertising and Circulation Rates

Information on newspaper publishing costs and changes in advertising and circulation rates is not available on an industrywide basis. The Inland Daily Press Association, composed of 480 daily newspapers in the central part of the United States, makes surveys of wages paid to four classifications of newspaper employees and has also surveyed circulation and advertising rates of its membership.

Earnings of production and related workers in the newspaper industry are compiled monthly by the Bureau of Labor Statistics.

Newsprint prices

The price of newsprint (delivered in New York) was $84 a ton in 1947. In 1948 it rose to $96; in 1949, to $100; in 1951, to $105; in 1952, to $116; and in 1953 the price was $126. There was no change in 1954, but in November 1955 a $5 a ton price increase was announced. This, however, has generally be reduced to $4, resulting in a current price of $130 a ton, which is 54 percent above the 1947 price level.

Wages

The inland Daily Press Association November 1955 survey, based on reports of 158 newspapers, shows a rise of 41 percent since 1948 in the average wages of the four classifications studied. Increases for each classification were: Reporters, 49.2 percent; advertising salesmen, 37.9 percent; clerks, 39.7 percent; compositors, 37.2 percent.

According to Bureau of Labor Statistics reports, 1954 annual average hourly earnings of production and related workers in the newspaper industry were $2.589, 31.5 percent higher than the 1948 average of $1.968. By October 1955 the figure had risen to $2.69, 3.7 percent above the 1954 average, 37 percent more than the 1948 figure.

Circulation rates

Five cents was still the most popular single-copy price for weekday issues in 1954, the Inland Daily Press Association found in its survey of 188 newspapers. Approximately two-thirds of these newspapers were charging 5 cents, while the remaining third was divided about evenly between those charging 6 cents and those getting 7 cents. Since the previous survey in 1952, the number of papers getting 6 cents had increased from 12 to 15 percent of the total surveyed, while those getting 7 cents had risen from 8 to 13 percent.

Of 157 newspapers publishing on a 6-day basis, 29.3 percent in 1954 reported 35 cents as the city carrier rate; 52.2 percent reported 30 cents. The 1952 survey, based on 177 newspapers, showed 17 percent charging 35 cents, 53 percent charging 30 cents. Over the same period, the number selling for 25 cents dropped from 21 to 11 percent.

Advertising rates

In circulation ranges from 2,000 to 128,000, the combined average increase in advertising rates from 1945 to June 1955 for all advertising classifications was 40.2 percent, the Inland survey disclosed. The June 1955 average increase was 2.1 percent above the 1954 average. Percentages of increase are different in the various circulation ranges, as well as for the several advertising classifications.

While the information contained in the Inland surveys was developed from a relatively small number of newspapers, it is believed to be the only published information showing labor costs and advertising and circulation rates of small- and medium-sized daily newspapers.

Newsprint Production Costs

Labor and materials costs

While the price of newsprint has risen 54 percent since 1947, production costs have also risen similarly. Weekly earnings for workers in pulp, paper, and board mills have risen over 60 percent. Prices of pulpwood in the South have risen nearly 50 percent and in the North 20 percent. The wholesale price index for another important raw material, inorganic chemicals, has risen 41 percent from 1947 to late 1955.

Trim loss

In recent years newspaper publishers have decreased the width of newsprint rolls required from the mills. The shift has been from 68 to 72 inches down to 60 to 64 inches. This decrease in roll width has caused difficulty in the scheduling of efficient production on the newsprint machine. The width of a newsprint machine is designed to produce the greatest width of salable paper in line with customers' demands at that time. Paper coming off a paper machine is necessarily the full width of the machine. The loss of salable paper occurs when this jumbo roll is cut to customer sizes. That part of the jumbo roll which is left over after the various size rolls have been cut from it is the trim loss, which must either be sold as sideruns or returned as pulping stock to the pulp system where it is commonly called broke. Since the shift to narrower rolls occurred, the trim loss has risen and consequently the costs of producing salable tonnage has also risen. The machines built previous to World War II were designed to accommodate 68 to 70 inch rolls.

New machines which have been installed in the years 1946–52 have been designed to accommodate multiples of 64-inch rolls. With the reduction in roll sizes to 60 inches since World War II both the old pre-war machines and the machines recently installed are no longer able to get full-trim widths.

Machines that are now on order for installation between now and 1958 have been designed to accommodate multiples of 60-inch rolls. Any change in roll widths in the future will adversely affect the production of newsprint on these new machines and consequently increase the costs of production.

Obsolescence

Because of slow speeds and narrow widths there are a number of newsprint machines, both in the United States and Canada, which will be forced into the production of other grades of paper in the foreseeable future. Their operation on newsprint is rapidly approaching the uneconomical stage, if in some cases such has not already been reached.

The difficulty of obtaining full margin widths because of the shift in roll sizes has been a contributing factor in their approaching obsolescence. Another factor has been their inability to compete with the large machines now in production and to be built, which produce double the amount of newsprint over the same period of time at reduced labor operating costs.

Conclusions and Recommendations

In this preliminary report, it must be noted that statistical information on the newspaper publishing industry with respect to many factors affecting newsprint consumption is not readily available. The American Newspaper Publishers Association maintains excellent statistics on newsprint consumption and inventories of its member dailies. There is not, however, adequate statistical information on industrywide basis on certain factors in the newspaper publishing business to permit projection of apparent consumption requirements on any basis except relation to projected real disposable income, the method used in this report.

If funds were available, the Department of Commerce believes that it would be desirable to expand the collection of statistical information on the United States newspaper publishing industry and on world consumption and production of newsprint, such surveys to be carried out in cooperation with the newsprint manufacturing and newspaper publishing industries. We believe the information obtained would be helpful to both industries, as well as to the Congress and executive agencies of the Government, since it would disclose significant correlations in historical demand patterns. These, in turn, would provide a reasonable basis for forecasting requirements over a longer period, thereby encouraging both consumers and producers of newsprint to make whatever adjustments in their operations are necessary to maintain a balanced supply. As long-term trends in consumption are defined, the need for increased production would be apparent in time to permit orderly expansion of facilities and to attract the necessary capital.

This analysis shows a substantial world deficit in newsprint and an apparent substantial deficit for United States publishers for some years to come. At this point there is little knowledge as to how the anticipated deficit after 1958 will be overcome.

Newsprint competes for production facilities with other grades and kinds of paper. Expansion of newsprint production, therefore, will partially be governed by this competitive position. The large capital investment that is required for the construction of newsprint mills, as well as the extensive forest acreage necessary to support mill operations, indicates that active support by newsprint consumers will be an important factor in obtaining production increases needed to meet the anticipated deficits.

OTHER FIBROUS MATERIALS

Bagasse

We have discussed with the Valentine Pulp & Paper Co., of Lockport, La.—the one mill in the United States using bagasse as a principal fiber in the manufacture of paper and pulp—some of its newsprint production problems. The company has made only as mall amount of newsprint from bagasse, and in its experiments has found bagasse an unsatisfactory substitute for mechanical pulp (ground wood). Bagasse requires the addition of chemicals to produce a sheet of satisfactory opacity, and the material costs involved in producing newsprint from bagasse make it more expensive than regular standard newsprint.

This company has been manufacturing a 16-pound substance tablet grade of paper, which has been used to a limited degree by some small weekly newspapers in the vicinity of Lockport. They have experimented with press pressures and inks and apparently are satisfied with the reproduction quality, but the cost of the paper to them is approximately $210 per ton. Perhaps this is not prohibitive for small amounts of newsprint, but for any sizable quantity it would be a high price.

The possibility remains that a mill could be built to produce a satisfactory newsprint from a mixed furnish of bagasse and ground wood at a lower price than newsprint from 100-percent bagasse. But with forest lands available in the bagasse-producing areas, it appears to be more economical and more practical to manufacture newsprint from wood fibers.

Expanded use of hardwoods

The use of hardwoods is proceeding at what we consider a satisfactory pace. A number of pulp and paper mills are in the process of installing the necessary equipment, and mills that have installed this equipment are operating satisfactorily. We have been informed that the percentage of hardwood ground wood used by some newsprint manufacturers, both in the United States and Canada, is now between 25 and 30 percent of the total furnish. The continuing research in this field is a healthy sign in the extension of forest-product usage in the manufacture of newsprint.

Newsprint from wastepaper

We have been studying the possibility of expanding the production of newsprint from wastepaper. Although we are not prepared at this time to make any recommendation in this respect, it is perfectly possible that coordination of research, and perhaps financial assistance in research, may be desirable. Help on the part of the Department of Commerce in arranging for test runs on a larger scale than is possible through paper laboratories may also be required. It is our intention to investigate further and be prepared to make a report later in 1956.

Increased production of newsprint in the United States

Production of newsprint in the United States is expected to increase 400,000 tons by 1958. In reaching the 1,900,000-ton level by 1958, mills will shift some old and obsolescent machines from newsprint to other grades of paper selling at a higher price. The loss in newsprint capacity from these machines will be about 30,000 tons, but this loss will be absorbed by new capacity and by speedups and modernization of existing facilities.

United States Newsprint Outlook for 1956

The estimated consumption demand for newsprint in the United States for 1956 is 6,700,000 tons, an increase of 125,000 tons over 1955. In addition, there is a need for rebuilding inventories of at least 100,000 tons, which were withdrawn from publishers' stocks during 1955. The total demand is thus 6,800,000 tons, the level which is used in this report. The 1957 demand has been estimated as 6,800,000 tons, which, although the same as the total used for 1956, does not

include an inventory buildup, and actually represents a 100,000-ton increase in consumption requirements over the 1956 level of 6,700,000 tons.

The supply of newsprint for United States consumers in 1956 is estimated at 6,735,000 tons, which is only 35,000 tons above consumption demands and would not permit the rebuilding of inventories by 100,000 tons which would be required to bring them back to 1954 levels.

The Canadian Newsprint Association has estimated that exports of newsprint from Canada to the United States in 1956 will be 5,200,000 tons. Imports of newsprint from overseas in 1956, principally from the Scandinavian countries, are estimated at 125,000 tons. United States production of newsprint will be about 1,630,000 tons in 1956, of which approximately 220,000 tons will be exported, leaving a supply for United States consumers of 1,410,000 tons—an increase of 110,000 tons over 1955.

The 1956 supply-demand picture is summarized in the following table:

United States newsprint supply-demand 1956

[Thousands of tons]

Demand:		
Consumption demand		6,700
Rebuilding of inventory		100
Total, 1956 demand		6,800
Supply:		
Imports from Canada		5,200
Imports from overseas		125
United States production	1,630	
United States exports	−220	
United States supply for United States consumers		1,410
Total, 1956 supply		6,735

Any increase in newsprint demand over these levels would, of course, seriously aggravate the supply-demand picture and would, in effect, bring supply below the consumption level. Further, if actual supplies were not to reach the levels estimated in this report, there would again be a shortage of newsprint for actual consumption, let alone for rebuilding of inventories.

Supplemental Report No. 1

NEWSPRINT FROM DE-INKED PAPER

The interest of the committee in increasing the availability of newsprint for newspaper publishing, and the desire of the Department of Commerce to continue investigating all possible means of increasing the production of newsprint, has resulted in this Department's investigation of the manufacture of newsprint from de-inked newspapers. Research in this field over the years has met with varying degrees of success. To date, no process has resulted in a product competitive with or comparable to newsprint manufactured with primary wood fiber. However, a recent development in this field shows promise.

Officials of the Forest Products Division, Business and Defense Services Administration, Department of Commerce, were requested

to attend a demonstration at the New York State College of Forestry at Syracuse, N. Y., on January 19, 1956. The demonstration, attended by newspaper publishers from all sections of the country, was based on an undivulged process developed by Mr. Richard Scudder, publisher of the Newark News. The process, using a batch system necessary by equipment limitations, used overissue news including rotogravure and comics, pulped in a hydropulper. Approximate ratio of gallons of water at 125° F. and pounds of paper (250) were fed to the hydropulper and undisclosed chemicals added (presumably zinc sulfate). Pulping time was not ascertained, since this part of the operation had been accomplished prior to arrival, and the stock was in readiness for the remainder of the process.

The pulp stock was held in the hydropulper and run over a screen at a reduced consistency, then to an agitator, and finally to a washer. The washer was operated to increase the consistency by low level suction. Stock did not pass over the washer, but was bypassed. Report of fiber loss in first wash water was not available. Total fine fiber loss by the simulated 3-stage wash necessary for the process is estimated at 20 percent.

This loss can be curtailed in commercial practice by use of a three-stage washer and reuse of water from second and third stages for the initial wash. Ph value increased 70–71–72 with succeeding washes. (Presumably, water used is alkaline.) Major dispersion of ink content took place with first wash, making this water and its fiber content unsalvageable. Bleached kraft was added after the third wash. The ratio of bleached kraft to overissue news for this run exceeded requirements but was geared to operating facilities.

Machine operation presented normal difficulties experienced with short runs. Uneven drying across the sheet was reflected in continuous breaking at the reel.

Samples of newsprint produced were provided those in attendance. Comparative data regarding physical properties of the paper produced, together with factual data of facilities and their costs to produce newsprint commercially using this process, are to be included in a brochure to be forwarded on completion to participants in the demonstration.

In reply to inquiries, information and tentative figures were given as follows:

The discussion brought out that should a plant be constructed it would be located in an area that has an abundance of overissue newspaper. Raw materials necessary will be purchased and processed. Deliveries of newsprint to publishers will be by truck loaded on the return trip with overissue news accumulated by the publisher. Production machinery will exclude facilities for pulp or groundwood manufacture.

Estimated cost of a 30,000-ton mill		$5, 000, 000. 00
Material cost waste news	per ton	30. 00
Chemicals	do	10. 00
Kraft, 5 percent per ton	do	7. 50
Maintenance and operational	do	10. 00
Delivery charge	do	4. 00
30,000-ton mill operating 6 days	per ton selling price	96. 00
30,000-ton mill operating 7 days	do	91. 00
50,000-ton mill operating 7 days	do	84. 00

The present waste paper market would be affected only by the tonnage of overissue news participating publishers withheld for return to the processor. The New York area tonnage of this overissue news would provide adequate supply. A limit of 10 percent of de-inked news daily would supplement contracted tonnage for participants.

The brochure Mr. Scudder is preparing will outline the plan in detail. He feels that data obtained by the tests at Syracuse should be verified, and is interested in locating an experimental laboratory with facilities that coincide with equipment required to obtain additional basic data.

After completion of the laboratory tests, definite plans will be made either to continue the experiment on a commercial basis or proceed to build a mill designed particularly to produce newsprint from de-inked newspapers.

There was apparent interest by the approximately 30 publisher representatives present at the demonstration. The evaluation of the process by the steps planned by Mr. Scudder is commendable. It is apparent that he intends to investigate all aspects of the process to obtain a good grade of newsprint at a realistic price.

Supplemental Report No. 2

Revision of United States Newsprint Outlook for 1956

On January 10, 1956, the Department of Commerce submitted to your committee a Preliminary Report on Newsprint Production and Supply, Newspaper Circulation, Advertising and Newsprint Requirements. As a part of this report there was the statement, United States Newsprint Outlook for 1956 which summarized the 1956 picture.

Canadian exports of newsprint to the United States were estimated at 5,200,000 tons, based on information from the Newsprint Association of Canada. This association has now informed us that Canadian newsprint exports to the United States in 1956 will probably be 5,275,000 tons, an increase of 75,000 tons over the previous level. This additional supply will make a total of 6,810,000 tons of newsprint for United States consumers to be measured against the total requirements of 6,800,000 tons, whereas the previous total supply was 6,735,000 tons. If these estimates of both supply and demand materialize, a rebuilding of publishers' inventories of about 110,000 tons could be accomplished, rather than only the 35,000 tons predicted earlier.

The revised data are summarized below:

United States newsprint supply-demand, 1956

[Thousands of tons]

Demand:		
Consumption demand		6,700
Rebuilding of inventory		100
Total 1956 demand		6,800
Supply:		
Imports from Canada		5,275
Imports from overseas		125
United States production	1,630	
United States exports	−220	
United States supply for United States consumers		1,410
Total 1956 supply		6,810

THE SECRETARY OF COMMERCE,
Washington, January 9, 1956.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Banking and Currency,
United States Senate, Washington 25, D. C.

DEAR SENATOR FULBRIGHT: The enclosed preliminary report on newsprint and newspaper publishing is forwarded in response to your request of November 3, 1955.

Two sections in this report, the introduction and the conclusions and recommendations, point out some of the problems in the field of newsprint manufacturing and newspaper publishing bearing upon demand for and supply of newsprint. The latter section also includes recommendations for both Government and industry which, if carried out, would contribute to the eventual solution of these problems.

Some of the information requested by you is not now readily available. We have investigated the question of profits in the fields of newspaper publishing and newsprint manufacturing, and it is our considered opinion that the information available to the public in these two fields is not sufficient to determine the true ratio of profits to net worth.

We hope to continue our investigations and at a later date be in a position to explain more fully some of the newsprint requirements.

We appreciate your interest in this matter. If you desire further information please do not hesitate to call on us.

Sincerely yours,

SINCLAIR WEEKS,
Secretary of Commerce.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF DEFENSE MOBILIZATION,
Washington, D. C., November 18, 1955.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Banking and Currency,
Little Rock, Ark.

DEAR SENATOR FULBRIGHT: This is in reply to your letter of November 3, 1955, regarding the shortage and recent increase in the price of newsprint.

We believe the present demand for newsprint, occasioned by the increases in newspaper circulation and advertising, has made for a tight supply. Actually the total United States supply of newsprint from Canadian and United States mills plus European imports in the first 9 months of 1955 exceed the amount of newsprint available in a comparable period for 1954. United States sources of newsprint supply in the first 9 months of 1955 on a percentage of total tons are approximately as follows: From Canada, 77 percent; United States mills, 21 percent; and Europe, 2 percent. It is also reported that North American capacity for production of newsprint is slated to increase approximately 20 percent by 1957 over 1954.

We have talked with officials in the Business and Defense Services Administration of the Department of Commerce, as they are our delegate agency, about the reports you requested both in your letter to them and us. We understand they have underway a comprehensive report covering production, consumption, exports and imports, and other information you requested, which will be sent to you as soon as completed.

While this agency is aware of the tight newsprint situation at this time and the resultant increase in price, which has brought about sharp criticism from customers, there is little we can do to encourage further expansion of newsprint production. The rapid tax amortization goal for the expansion of newsprint facilities has been closed for some time and the present capacity of the industry is considered ample to take care of all war emergency requirements. As you know accelerated tax amortization is only granted for new production required in the interest of national defense. However, we will study the newsprint reports now in preparation by the Department of Commerce.

Thank you for calling this matter to our attention.

Sincerely yours,

ARTHUR S. FLEMMING, *Director.*

UNITED STATES SENATE,
COMMITTEE ON BANKING AND CURRENCY,
November 3, 1955.

Hon. SINCLAIR WEEKS,
Secretary, Department of Commerce,
Washington, D. C.

DEAR MR. SECRETARY: A number of leading newsprint producers have recently announced substantial increases in the price of newsprint. There are also indications that the supply of newsprint is growing increasingly short of the demand, and that this shortage may be expected to increase in the future.

Shortages and increased prices of an essential commodity like newsprint cause maldistribution and gray markets in the commodity, and in the long run increase general inflationary pressures. The small independent newspapers suffer worst.

You will recall that in the period of acute shortages in 1951 black market prices for newsprint ran well over $150 a ton, in some cases over $300 a ton. The effect of this on small newspapers, not protected by contracts, can easily be imagined.

In the case of newsprint, this kind of a situation results in injury to the entire newspaper industry, and may easily drive the smaller newspapers out of business. The importance of a flourishing free press, including the large metropolitan papers and the smaller daily and weekly papers, to our representative form of government cannot be overestimated. A situation which may result in injury to the press, or in elimination of a large segment of the press, is a matter of vital concern.

At the hearings in June of this year on the extension of the Defense Production Act, the Department of Commerce reported to the committee that the levels of supply at that time did not require civilian allocations. There was no indication, at that time, of any shortage of newsprint, or of any inflationary price increase in the near future in the field of newsprint.

In order that the committee may be fully advised of the present situation in this field, to determine whether any legislative action, in the form of amendments to the Defense Production Act or otherwise, may be necessary, would you please give me a full report on the subject of newsprint. This should cover production of newsprint in the United States and foreign countries, imports into and exports from the United States, consumption and inventories in the United States and abroad, price and profit trends in the newsprint and publishing industries, evidence, if any, available to you of gray markets and maldistribution, estimates of future production and demand, in the United States and foreign countries, efforts, if any, being made to increase production and productive facilities and to find alternative sources of supply of the raw materials, and what steps, if any, your agency is proposing to prevent or minimize any undesirable results of the present situation.

In view of the importance of the matter, and the possibility of serious injury to the newspapers of the Nation from these price increases, I should appreciate receiving this report at a very early date.

In view of the related interest of the Office of Defense Mobilization in this subject, I am sending a similar request for a report to that agency.

Sincerely yours,

J. W. FULBRIGHT, *Chairman.*

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